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Notes of the Month

Prospects for a European Army

THE Pleven Plan for a European Army was put forward as an attempt to reconcile two constants of French post-war foreign policy—opposition to the rebirth of a German national army, and partnership with the Western alliance. Defence of Europe west of the Elbe implies the use of German troops to defend their own country. Since the Korean war the United States has been more than ever anxious to begin the recruiting and training of German soldiers for General Eisenhower's command. No French Government which countenanced the open rearming of Germany could survive; hence, under present circumstances, the European Army project represents the only hope for the survival of moderate government in France. The rejection of the plan might very well bring General de Gaulle to power, an event which would certainly modify the structure of the Atlantic alliance.

In France itself, the most powerful opposition, apart from the Communists, comes from the General's own party, the French People's Rally. He and General Koenig have both attacked the project as a betrayal of French national independence, and they have not hesitated to criticize American interference in French affairs. The French Socialist Party doubts whether the plan offers adequate guarantees against renewed German militarism—especially in view of the absence of Great Britain from the proposed Defence Community. The Socialists, too, are particularly sensitive to the general reluctance in France to do anything which might make a settlement with Russia impossible. Should they join with the Gaullists and Communists in voting against ratification, the plan could not obtain a majority; and even their abstention would mean that this most far-reaching proposal would have been passed by a minority of the Assembly—a circumstance hardly likely to inspire confidence in the other members of the proposed Defence Community.

In Germany the plan has met with uncompromising ho
from Dr Schumacher. Supporters of Dr Adenauer's Eur
policy believe it will enable Western Germany to achieve eq
in the Western European Community, and certainly am
much of the youth of Federal Germany the European idea
very real one. But there is an equally genuine reluctance to r
and the question of German unity now further complicate
whole problem. Dr Adenauer can afford to make few conces
to the French if he is to get the plan ratified by the Fe
Parliament.

The French Government has a powerful supporter in Ge
Eisenhower, who, after originally dismissing the European
as 'a horrible idea', is now convinced that it is essential t
survival of a free Western Europe. The State Department, too
publicly approved the plan in the warmest terms. There is,
ever, powerful opposition from some military circles in the U
States who would prefer to rearm the Germans immediatel
separate contingent under S.H.A.P.E., and it has been sugg
(e.g. in the *New York Times*, 5 December 1951) that influ
circles in Washington are already considering alternatives t
European Army should it fail. Two alternatives are either to
Western Germany into N.A.T.O. after a contractual relatio
has been established between the three Western Occupying Po
and Bonn, or to make a separate agreement between Fr
Britain, and the United States on the one hand and We
Germany on the other, as the United States has considered
bilaterally with Spain.

The French and Italian Constitutions provide for the cessi
sovereignty to an international body. Belgium claims tha
nomination of a European Defence Commissioner with far-r
ing supra-national powers and the abandonment of com
control of her military budget involves a surrender of sovere
which is unconstitutional; and constitutional revision w
require general elections which the Belgian Government is an
to avoid at this juncture. Nevertheless, Belgium signed the S
man Plan Treaty which itself involved a considerable surrend
sovereignty. The Dutch, for their part, have raised objectio
the nature of the proposed political authority which is to co
the Army. Both Belgium and the Netherlands fear that, if Br
does not participate, they may be dominated by a Franco-Ge
coalition.

Middle East Oil: Policy and Manoeuvre

HOPES were expressed early in December that the International Bank might, as a temporary measure, undertake the production and refining of oil in Persia, employing some of Anglo-Iranian's technicians for the purpose. Dr Moussadek, however, refused to admit the return of the British technicians in such a disguise; and his contemptuously ungrateful reference to United States aid to Persia coincided with a State Department announcement that the United States was financing a programme of drilling to augment Persia's water supplies. The report that the Persian Minister at The Hague would represent his Government before the International Court aroused some hopes of a Persian return to legality, but was followed by his asking for a further delay of one month after 10 January before the Court even began to consider its own competence to adjudicate in the Anglo-Persian oil dispute. The Persian Government's threat to sell oil to the Soviet *bloc* unless their former customers resume their purchases was not viewed seriously in London, because of the problem of transporting it.

More serious for Persia's oil industry (unless Dr Moussadek seriously prefers to 'preserve it for our children') is the rapid expansion of production in Kuwait, and the prospects in Iraq. The report that the Shaikh of thinly-populated Kuwait may now hope to receive royalties of £50 million a year has caused a revival of the unofficial suggestions that Middle Eastern oil profits ought to be used for the development of the whole region, instead of being hypothecated according to Providence's extremely inequitable distribution of its oil resources. The most immediate need is that of Jordan, saddled with the bulk of the Palestine Arab refugees; and we read that Jordan, besides hoping for $4·5 million from 'Point Four', has been offered an interest-free British loan of £1·5 million and the release of £1·8 million from her sterling balances. If, however, a moral connection is to be established between oil profits and Middle East needs, we may note that the Shaikh of Kuwait's annual expectation does not exceed what the British Treasury received in taxation from the Anglo-Iranian Oil Company in 1950 (£50·7 million). Beside such abundance the offer to necessitous Jordan, Britain's ally, has the look of the two mites which make a farthing, without the poor widow's justification. The West will have to dig deeper into its own oil profits if the Middle Eastern beneficiaries are to be asked to distribute their good fortune.

The Argentine Façade

The Doctrine of 'Peronismo' and Economic Realit

THE picturesque and forceful personalities of General Ju Domingo Perón and his wife María Eva Duarte de Perón ha made their impression on the world in general probably wi greater distinctness than have any other public figures of Lat America. Their success in this respect, which consists partly knowing how to conduct interviews with resourceful journalists, essentially part of the elaborately constructed façade from behir which they govern the Argentine Republic. The achievement considerable for, outside Argentina, there is more curiosity as whether the General or his wife is the real ruler, or whether it is effect a partnership, than there is genuine inquiry into the econom and social affairs of the country.

It is possible, however, that these enigmas of personality a less important than the political and social movement that Gener Perón and his wife have promoted, and that some credence may l given to the idea that *Peronismo* is more important than Peró Moreover, it can be argued that the doctrines of *Peronismo* a themselves a façade behind which other aims and forces are work; and it has even been suggested that Perón has become unwilling puppet obeying the dictates of a military clique, thou the recent purge in the Army seems to make it more likely that tl General has the upper hand.

Whatever the truth—and the details are not of great importan —the fact is that *Peronismo* has brought about a profound chan in the political, social, and economic structure of Argentina. Tl Revolution of 1943, which at first looked much like any other Lat American upheaval, has indeed revolutionized the country, a many of the forces which it set in motion are continuing wi unabated vigour. Some of these forces even appear to have got o of control and to be threatening the country's economic stabili and hence, by inference, the regime itself. General Perón has mo than once been likened to the Sorcerer's Apprentice, and the cor parison is apt enough—except for the fact that there is no Mast Sorcerer to come to the rescue.

THE FAÇADE

The most logical approach to these matters is perhaps by way the principal façade; and the first point must necessarily be

wer—so far as one is possible—to the question: 'What is *onismo*?' As the General has himself observed, it is not Fascism, Communism, nor Falangism, nor any other European 'ism'; l this is important, no doubt, because superficially *Peronismo* uld appear to resemble almost any other form of authoritarian ernment, and the unenlightened observer might be misled into lying an unsuitable label. The central theme of *Peronismo* is cial Justice': this statement can be corroborated by reference to ost any one of the General's speeches during the last five years more, all to be found in back numbers of *La Prensa* and other ponsible Argentine journals. 'Social Justice' is a term that has n widely used in the public pronouncements of General Perón l his supporters to provide the ostensible reason or objective of nerous official actions. Its meaning is best understood by arding it as an expression of the desire to remove social injustice: nust be remembered that Argentina—in common with other in American countries—formerly had only a small middle class. Before the rise of industry as a major economic factor, which y be regarded as having begun some twenty years ago, Argen- a was predominantly a country of extremely wealthy landowners who held the greater part of the land and a large proportion of national income—and of labourers. The growth of industry, l of commerce with it, has brought about a considerable elopment of the middle class, partly by reducing the large omes of the wealthy families and partly by raising labourers, and ir sons, to greater affluence. This tendency was firmly estab- ed before General Perón's day, but he had the perspicacity to that it could be encouraged, accelerated, and turned to good ount. The principal means of achieving 'Social Justice', there- e, has been to promote a redistribution of the national income. This redistribution has fulfilled two purposes: it has reduced the omes and the fortunes—and therefore the power—of the landed ss, who were forced into a position of political opposition by neral Perón's determined attack on them; and it has increased incomes and the purchasing capacity of a large section of the rking classes, his principal supporters. The landed aristocracy— elled by General Perón the 'obligarchy'—had virtually governed gentina for many years, and the machinery of government was general devised to favour agriculture in all its forms. The coun- 's economic structure rested principally on extensive agriculture ducted on large estates, an abundant and cheap labour force,

and voluminous export surpluses. Whether the aristocracy conducted the affairs of the country well or ill within this framework is too large a question to be discussed here, but it should be remarked that, for the most part, the landowners did not themselves take any active part in political affairs, but tended to leave matters to professional politicians whom they supported financially rather as if they were paid servants—which, in a sense, they were. The general level of integrity of the professional politicians was not above criticism, and politics came to be regarded as a far from honourable occupation.

The system was inherently weak, for these reasons, and General Perón had little difficulty in demolishing it. He made the most of the weaknesses of the 'oligarchs' and brought into politics a number of new ideas and a great deal of enthusiasm, so that the doctrines of *Peronismo* became matters of burning importance, such as had not been known in the political sphere for very many years. These new ideas—new, that is to say, for Argentina—principally consisting of the theory of 'Social Justice' in one form or another, became increasingly popular among the working people as they were found to represent, in practical application, an increase in incomes. The methods used by General Perón to accelerate the redistribution of the national income, and the economic consequences of using this as a political weapon, will be examined below. Certain other aspects of the doctrine of *Peronismo* must first be glanced at in conjunction with this profound social change.

A more or less logical counterpart to General Perón's championing of the working people against the 'oligarchy' was his nationalism, his championing of the Argentine people against 'foreign capitalists'. The tangible basis for this aspect of *Peronismo* was the fact that when the General came to power nearly all the country's public services were owned by foreign companies: railways, tramways, electric power stations, telephones, gas, and water-works were owned by British, United States, and European shareholders. For reasons which seem political rather than economic, the nationalization[1] of these concerns became a major objective of policy, which has been very largely achieved: purely economic

[1] In this context 'nationalization' strictly means the bringing of these enterprises into national, that is Argentine as opposed to foreign, hands. It does not necessarily mean making the concerns State property, for which process the term used in Argentina is *estatización*. In practice the majority of the enterprises did become State property: an experiment in joint ownership between the State and private Argentine shareholders, in the case of the telephone company, proved unsuccessful, and the telephone service later became fully State-owned.

iderations might have dictated a far less comprehensive policy, a more careful use of the country's foreign exchange reserves. arguments in the façade erected to gain popular support for measures varied, from the relatively sober, though incom-, tenet that the remittance of profits or other financial services iese foreign investments constituted a permanent drain on the try's exchange resources, to the somewhat distorted assertion in reality Argentina had been economically governed from id by means of differential freight rates designed to favour the ers of food products for export, at the expense of other rail in the country. In that the rail tariffs were all subject to rnment approval, this statement implied a secondary accusa- against the Governments of the past, working for the pro- rs of foods—grains and cattle—in other words, the 'oligarchs.' iis antagonism towards 'foreign capitalists' was accompanied more general slogan of 'economic independence' that also had ficiently perceptible bearing on facts to win popular support. ntina had undoubtedly suffered severely from the depression e early 1930s. Since the country's principal export was grain, xtremely low level of prices during the depression was a severe to the agricultural economy, and to the economy in general consequence. Recovery from the depression was by no means for a grain-economy, and the second World War came before rts could properly regain their volume and value. The Ottawa ment to keep wheat prices within certain margins was another ack. During the war, not only was the export trade hampered ie shortage of shipping, but imports also were even more ically curtailed—a position which for a variety of reasons has sted, with only slight improvements, to the present day.

ie innumerable difficulties and disruptions brought about by nged and acute shortages of fuel, machinery, spare parts, and industrial materials were fresh enough in the public mind to the slogan of 'economic independence' acceptable to all ral Perón's supporters, who probably failed to appreciate the active pursuit of such a policy would entail.

ie third principal feature of *Peronismo*, which arises logically f 'economic independence', is the aim to make Argentina the ig country of South America, the 'Colossus of the South', terbalancing the United States in the North. This doctrine is ded with a certain amount of apprehension by Argentina's er neighbours, Uruguay, Paraguay, and Bolivia, as savouring

too much of imperialism. Uruguay, in particular, has not forgotten that it was once part of the Provinces of the River Plate before its secession; and Paraguay is uncomfortably conscious that its easiest access to the sea lies through Argentine territory down the River Paraná. It is hard to say whether these countries' nervousness is justified, or whether the façade is principally for domestic admiration and has no real significance. Perhaps fortunately for the smaller countries, their neighbour on the other side, Brazil, is also in the running for the position of Colossus, and better endowed to occupy it. Neither of the competitors is likely to wish to antagonize the buffer States between them.

A useful insight into the real aims of *Peronismo* may be obtained from the legislation of the last five years or so, and in particular from the new Constitution of 1949, especially when it is compared with that of 1853. A study of these documents—which unfortunately cannot be undertaken here—shows that the façade is often maintained in the deceptively liberal wording, while the real meaning gives the State powers of control or even domination over private and individual activities and property. The Constitution of 1949, carried to the logical conclusion that it allows for, would result in the nationalization, or rather *estatización*, of almost all economic and corporate activities, such as would have been impossible and unthinkable under the Constitution of 1853, but is characteristic of economic totalitarianism.

THE ECONOMIC REALITIES

A conspicuous feature of the Peronista regime has always been a perceptible and sometimes striking disparity between the policies and aims publicly announced and the actions of the authorities in practical legislation and administration. The only acceptable explanations for these curious anomalies involve the unescapable conclusion that there is a considerable difference between the tenets of the doctrine of *Peronismo* and the real ambitions of the General and his colleagues. What the real ambitions may be is not so easily stated, and an idea can be formed only by judging the actions of the governing group—a study that leads to some rather surprising suppositions.

It appears—though there is little positive evidence to support this—that General Perón himself is not well versed in the technicalities of economics and practical administration, nor even in political theory. He has therefore had to use the services of people

ıore familiar than himself with such matters, and the consequence as apparently been that on more than one occasion the personal mbition of a colleague has led him to pursue a technical policy ıat was in reality at variance with the aims of *Peronismo*: the ieneral's lack of practical experience has made it possible for these :ss principled colleagues to persuade him that their plans were ıst what the country needed. It is possible that in the past the ieneral has paid insufficient attention to the criticisms of the olitical opposition, and of neutral commentators, among whom 'ere to be found people who were at least disinterested, more xperienced than many of his colleagues, and better economists. Jnfortunately, opposition criticism has too often been coloured by olitical passion, no less than the actions of the General's advisers ppear to have been tainted by personal ambition. General Perón's roblem has always been that of not knowing precisely whom to elieve and trust, and to what extent. This difficulty has been all ıe greater in that virtually all the eminent and distinguished gures in Argentina have been at one time or another associated in ɔme way with former Governments, and therefore belong to the pposition: moreover a certain characteristic of crudeness in ieneral Perón's political career—he has been described as the erfect demagogue—and even more in that of Señora de Perón, as alienated the sympathies of many intelligent people who other-rise had no particular political affiliations.

The economic events of the last five years or so, measured gainst the doctrines of *Peronismo*, and even against the real aims of ıe movement, so far as they are discernible in the new Constitu-on and elsewhere, are incomprehensible unless these personal ıatters are taken into account. In the right context, however, they mount to a tragic story of the impoverishment, through corrup-on and incompetence, of one of the most richly endowed coun-ries of the world. A whole book would be needed to tell in detail he story of only the last five or six years: all that can be attempted ere is a cursory examination of salient events and trends.

It is important to bear in mind that the foundations of Argen-na's economy have always been arable and pastoral farming, and ıat, despite present-day appearances, they still are. The country as immense agricultural resources—vast extensions of fertile land nd favourable climates in all the major regions. On the other hand, here are relatively few mineral resources, and those that are echnically workable are inconveniently placed at great distances

from each other and from the principal industrial centres. General Perón's aim to make Argentina a great industrial country, as a necessary qualification for the position of Colossus of the South, is unsoundly based on a hypothetical and largely unrealizable steel industry.

Even so, industrialization has proceeded at a surprising speed under the stimulus of economic factors and official support, and, although it has served the purpose of promoting the redistribution of wealth and economic independence, it has also brought about a run-away inflation and an acute shortage of foreign exchange, both of which threaten to have serious consequences such as would make it impossible for the country to be any sort of Colossus for many years to come.

Before the second World War Argentina was just recovering from the depression of the early 1930s and was earning foreign exchange by means of exports of grain, meat, wool, and other agricultural products, more or less in sufficient measure to provide an adequate flow of imports. This fairly balanced trade was severely disrupted by the war: a small volume of exports was maintained, principally to Britain, but imports were greatly restricted and, where European countries were concerned as suppliers, virtually ceased altogether.

The accumulation of foreign exchange during the war resulted in a proportionate addition to the media of payment in circulation within the country; and, since gold, free currencies, and holdings with a gold guarantee serve by law as backing for the currency, this too could be, and was, increased. Simultaneously, the shortage of many kinds of consumer goods that had formerly been imported tended to result in a pressure on prices from an unsatisfied demand and a large volume of money in circulation. These shortages also provided a vigorous stimulus to industry, especially those branches which produced consumer goods from locally available materials. A typical example of this was the textile industry: both wool and cotton are produced in Argentina, but before the war a considerable volume of textiles was imported. During the war, although there was a dearth of adequate machinery, the ingenuity of the Argentines overcame many difficulties and achieved a great increase in production.

This growth of the manufacturing industries, mostly somewhat ill-equipped, made enormous demands on labour. The rural exodus, which had begun in a small way during the depression,

swelled to a rush of labour away from the unpromising prospects of farming towards industry, where high wages were offered to attract hands. The industrial entrepreneurs saw in the rising prices of manufactured goods an opportunity not to be missed, and their demand for labour was intense. These new industrial workers found themselves earning wages such as they had hardly imagined, and being unaccustomed to saving—never having had much to save—their spending accentuated the demand for consumer goods.

Inflation was under way: its effects naturally spread from the cities[1] outwards, and agricultural labour was given every encouragement by the Government to press for higher wages. Food prices, especially in Buenos Aires, began to rise steeply: not only were production costs increasing, but distribution and processing costs also. The Peronista regime foresaw that excessive rises in food prices would cancel the high wages of industrial workers, and, since the industrial workers were becoming the principal part of the electorate, this must not occur. The policy followed was to establish maximum prices for agricultural produce and to subsidize the processing industries. The more easily to enforce this, the *Instituto Argentino para la Promoción del Intercambio*—otherwise called *I.A.P.I.*—was given a monopoly of the grain trade, and of several other commodities. Thus, for example, wheat was purchased from the farmers at fixed prices, and sold to the flour mills at a lower price, and the retail price of bread was pegged. This system served, first to prevent the farmers—many of whom belonged to the landowning 'oligarchy'—from making large profits, secondly to deprive the powerful grain dealers—also 'oligarchs'—of their business, and thirdly to keep the workers' bread at an artificially low price.

The grain monopoly also applied to the export trade, and in the years immediately following the war, when Europe was in pressing need of food, the *I.A.P.I.* sold grain abroad at prices that were about twice the international price, and which represented a profit of up to 300 per cent on the prices paid to the farmers. This procedure was defended with the argument that the profits were necessary to finance the domestic food subsidies.

The effects of this policy on the farmers were depressing. The

[1] There is really only one city in Argentina: Buenos Aires, which with its suburbs and contiguous towns now contains one quarter of the population of the country, that is, 4 million out of 16 million inhabitants The next two cities in order of importance, Rosario and Bahía Blanca, are provincial towns by comparison, though they are important as ports for the outlet of agricultural produce from the huge areas that they serve.

prices fixed for produce allowed only small profits if yields w
good: in bad years, or wherever for any reason the yield was p
the cost of harvesting, added to the previous costs of ploughing
sowing, absorbed all the income. Similar conditions applied
cattle and dairy farming: although the State did not exercis
monopoly, prices were rigorously controlled. The export of m
however, remained in private hands—possibly because most of
packing plants were foreign-owned, and the complications
establishing a State monopoly were too formidable. But anot
method of taxing exporters and export production was devised,
proved fruitful for a number of years: the system of differen
exchange rates was adopted, based on European models. It
served as a tax on imports, in addition to ordinary customs tar
Thus the exchange earned by exporters was purchased by
Central Bank at a low rate—that is, a low figure in pesos in relat
to the other currency—and sold to importers at a high rate. B
exports and imports thus contributed heavily to the Sta
revenue.

As a result of this systematic impoverishment of agricult
production began to decline: at the same time the consumptio
the ever-increasing urban populations, with their rising wa
grew considerably. It is General Perón's boast that every Argent
citizen can now eat meat. This may be excellent, and would
tainly have been so if there had been an increase in production
it is, the country has almost lost its exporting capacity. Where m
in particular, is concerned this fact is apparent enough in Brit
traditionally Argentina's best customer. The same applies
varying degrees to other commodities. This loss of export
capacity, which has now become acute, has been occurr
gradually over a period that corresponds fairly closely with Gen
Perón's term of office.[1] Its significance is great, on two scores
the first place it reflects the impoverishment and discouragem
and even threatened collapse, of the country's agricultural econo
and in the second place it means that Argentina's capacity to e
foreign exchange and to import vitally needed equipment
materials is reduced to a level that must be far below even
minimum of absolutely essential requirements. This is what
redistribution of wealth and 'economic independence' have led

[1] The primary causes go back, of course, to 1930, or even 1914, but ingredients of recovery were present when General Perón came to power, he might have used them to restore farming to a high level of prosperity.

but its importance must be judged by reference to the foreig exchange position since the war.

As has been said, Argentina accumulated enormous reserve during the war, principally in gold, dollars, sterling, and one o two other European currencies, which represented the country' arrears of imports. It seemed at the end of the war that these reserves would be sufficient to finance the greater part of th delayed import requirements, but it soon became apparent tha although the reserves accumulated amounted to an unprecedente figure, they still would hardly be enough to meet more than th most essential needs. This was partly because exports had not i reality been so very voluminous—far from it, in fact—considerin the length of the period involved, partly because grain and mea prices did not increase very markedly during the war, and partl because the post-war prices of the goods that Argentina require to import were comparatively much higher. In a sense Argentin was cheated by the reduction in the purchasing power of exchang that had been earned by cheap exports. This fact was much use as an argument in favour of 'economic independence', and in trut it was a point that deserved sympathetic attention.

In addition to this, the growth of industry had brought about a enormous increase in the consumption of raw materials, especiall fuels, metals, chemicals, and similar commodities, as well as th agricultural raw materials produced in the country; and the stock piles of imported materials were rapidly depleted while at the sam time the Government's agricultural policy did not, with a fe exceptions, favour a larger output of locally produced com modities. Simultaneously there was of course a growing and un satisfied demand for industrial equipment to meet the needs o expansion and to replace obsolete and worn-out machinery.

Had the whole of Argentina's accumulation of foreign exchang been used for the re-equipment of industry and agriculture, th position today might be less precarious. As it was, the policy o nationalizing the public services involved the use of foreign ex change reserves for the purchase of the British and French railway the U.S.-owned telephone company, the British-owned gas com pany, and so forth. In this way about half of the reserves of som 6,000 million pesos were devoted to the pursuit of this polic Further sums were spent by the Government on the purchase o ships for the Argentine State Merchant Fleet, on surplus wa material for the armed forces, on second-hand vehicles such a

lorries, tractors, and jeeps which were largely useless, on the purchase of aircraft for the Argentine Aerial Merchant Fleet, and on other purchases of questionable wisdom, but useful as additions to the façade.

In consequence of this, imports of industrial materials and equipment were almost as severely restricted as they had been during the war, and prospects of improvement, depending on vastly increased exports, have become increasingly remote ever since.

The results of this economic isolation are all inflationary and are beginning to be dangerous. The most serious and far-reaching is a general capital erosion in both agriculture and industry. During and immediately after the war, when it was assumed that imports would soon become available, companies and individuals set aside large proportions of their profits to renewal funds: those with foresight realized that the replacement cost of machinery would be appreciably higher after the war than the original cost of their capital equipment, and they attempted to maintain large reserves accordingly. As inflation increased, the profits that manufacturers were able to earn were at first extremely high compared with their working capital, but the taxation authorities based their assessments on the relation of profit to capital, levying excess profits tax at a high rate: they refused to recognize the fact that a profit earned in 1950, expressed in the greatly depreciated currency of the moment, bears a relationship to capital formed in 1940 which is entirely different from what it seems on paper. This taxation policy, in conjunction with rapidly increasing production costs, and, in many cases, ceiling retail prices, caused effective profits to dwindle, to the extent that reserves for renewals could not be maintained at an adequate level. Existing reserves, of course, were losing their purchasing power through inflation, and required to be constantly enlarged to maintain this power at a fixed level, which was in many cases impossible. This position has been greatly accentuated by the continued shortage of foreign exchange and the prolonged unavailability of the imports that the renewal reserves were designed to purchase.

In agricultural activities the same process of capital erosion has been taking place through the virtual impossibility of making profits at all, or at least large enough to leave any margin for reserve after the farmers' ordinary living expenses were met. It is probable that the situation is appreciably worse in agriculture, since the farmers have hardly made any substantial profits since before the

depression, and have been more severely taxed by the Government's price control policy than has industry by direct taxation.

Inflation, and therefore capital erosion, has been further accentuated by the low level of productivity in all spheres. Wages are extremely high, not in relation to prices so much as in relation to the volume of production: this is partly the result of the shortage of adequate machinery and partly—perhaps more importantly—the outcome of labour's attitude, which is one of irresponsibility. *Peronismo* has taught labour that it can obtain almost any demand by going on strike or working to rule, and no amount of exhortation from the Sorcerer's Apprentice can convince labour that the real purchasing power of wages depends, in essence, on productivity. It must be taken into account that since the sudden rapid expansion of industry, from about 1944 onwards, a very large number of women have found employment in industry at high wages—in marked contrast to the position that was general before the war, when women did not work outside the home, except perhaps in domestic service at extremely low wages. The income of the average working class family, regarded as a unit, has therefore increased, even in real purchasing power, very considerably through the addition of the wages of daughters, sisters, or young wives: the needs of the family remain little changed, and the attainment of relative affluence is almost universally accompanied in Latin America by more leisure rather than greater consumption. This results, from the employer's point of view, in a high rate of absenteeism, which in 1949 was estimated at 12 per cent of the man-hours worked: whether or not absent days are paid, it means that the employer must maintain a larger staff than would otherwise be necessary, with a consequent increase in costs.

A further burden in costs is placed on employers by the various 'social benefits'—sick pay, paid vacations, pensions schemes, and so forth—which amount in all to 60 per cent of the direct wages bill. These benefits are unquestionably excellent, and represent one of General Perón's most genuine achievements, but as the workers have not in general fulfilled their side of the bargain, the level of productivity is not high enough economically to support them.

The loss of the country's capacity to export the 'traditional' agricultural products—through declining output and greatly increased domestic consumption—would have been less serious if the growth of industry had produced exportable surpluses of manufactured or processed goods. There was a brief period early

in the war when certain Argentine manufactures, notably tl which employed agricultural raw materials, found markets in United States, South Africa, and neighbouring South Amer republics; but rising costs soon made the prices of these manu tures uncompetitive, and they have remained so ever since.

The essential weakness into which the country's economy been allowed to decline is the loss of the saving capacity of population, combined with rapid capital erosion from the ca mentioned. It is axiomatic that a redistribution of the nati income which favours people who are not accustomed to sav and penalizes those who are, generally results in a drop in the t savings. This tendency is accentuated by rapid inflation thro the knowledge that personal savings lose their effective va During the 1940s the level of net saving[1] in Argentina was in region of 10 per cent of the national income—which may be c pared with 8 per cent in the U.S.A. and 12 per cent in Canac and may possibly be lower today. This must be considere relation to the national income *per capita*, which was equiva to 260 dollars in 1946, and is not likely to have increased greatly above 300 dollars today—compared with 1,453 dollar the U.S.A. and 961 dollars in Canada, in 1949—so that it is fa evident that the savings *per capita* are not adequate for any l degree of capitalization, such as is greatly needed.

A possible solution to this problem, and also to that of the for exchange shortage, would be foreign assistance, either as a di loan, as a credit, or in the form of direct investments. But the n obstacle is that the United States is virtually the only len and as Argentina produces almost nothing that is not produ abundantly in the U.S.A., the problem of finding dollars financial services and eventual repayment—which in ess amount to payment in exports—is almost insoluble.

Another rather difficult point is that the United States auth ties do not approve of General Perón and his methods of gov ment, and he in return remains aloof in his 'economic inde dence'. Moreover, the experience of recent years in the treatn given to foreign capital by the Argentine monetary authorities not exactly encourage investors.

CONCLUSION

A question that has very frequently been asked, and n satisfactorily answered, is how the Peronista Government allo

[1] After deductions for amortizations.

the economic deterioration to become so acute, when it did not require any very great technical foresight to see that inflation and isolation would wreck the country's hopes of becoming the Colossus of the South, would necessarily end in a severe reduction of the standard of living of the working classes—who are the special beneficiaries of *Peronismo*—and others, and might even result in industrial recession, unemployment, and other forms of collapse. The answer must be largely surmise; and, for what surmise may be worth, a few tentative but logical explanations may be suggested.

The combination of circumstances in which General Perón has had to govern has been unusual: he came to power in a period of growing inflation after having alienated all the people who were mentally equipped to tackle it; part of his popular appeal was based on bread and circuses, or higher wages and a Five-Year Plan;[1] the country had suffered genuinely enough from the effects of the war; he was forced to rely for almost every aspect of administration on people of little experience and questionable morals; in common with former Presidents, he had to maintain friendly relations with the Army, but found it expedient to increase the various police forces considerably, and to ensure their loyalty to himself personally by giving them better pay than they had ever had.

His personal ambition to make Argentina a greater country depended for its achievement on the practical advice and assistance of his ministers and secretaries, and it seems probable that they—or some of them who were known to have industrial interests—persuaded him that, to make the country self-sufficient, industry must be encouraged, and that to promote inflation was an excellent way of financing his ambitious schemes. There can be no doubt whatever that inflation was deliberately accelerated by the Government's policy of 'easy money', designed primarily to make its own borrowing easier and to swell taxation revenue.

The squandering of the country's foreign exchange resources on useless equipment and vehicles was almost certainly the result of corruption on an unprecedented scale in the *I.A.P.I.*, which was responsible for the purchases. The acquisition of the British railways was severely criticized at the time by people who thought that the price paid was too high, especially as negotiations were conducted by Señor Miguel Miranda, who had not long before made a public reference to the railways as 'scrap iron'. It was certainly not

[1] See 'Argentina's Economic Outlook', in *The World Today*, September 1947

greatly to Argentina's advantage to spend 2,500 million pesos c the railways at that time, when the total reserves were not muc more than 6,000 million.

Señor Miranda was in control of the country's economy for on a short time during 1947 and 1948, but in that period he arouse considerable suspicion, and his sudden resignation at the height his power seemed to confirm it. He was a very astute man and toc no part in ordinary political activities: in fact he gave the impressio of having a profound contempt for *Peronismo* and even for Gener Perón himself, who was certainly no match for him in cunnin

The resignation of Señor Miranda left General Perón devoid an experienced economic adviser, though it relieved him of somewhat dangerous ally. On the other hand, Señor Miranda w undisguisedly antagonistic to the General's wife, and while he w in office her public activities were restrained. After his resignatio she took an increasingly important part in the affairs of State. A an adviser to the General, her influence may not have been a together beneficial: her energy, before her recent illness, w remarkable, and she undoubtedly gave the General a great deal help. But, since it is not certain that her grasp of economic an financial affairs is comprehensive, she may have tended at times t lead the General away from paths that more experienced econom advice would have indicated.

General Perón stands virtually alone, surrounded by officia who may or may not be men of integrity, committed to enormou Government expenditure on the Five-Year Plan, on the police on armed forces, on a huge bureaucratic machine, on food subsi dies and various 'social benefits', and so forth; while the econom of the country, which was never productive enough to bear suc huge burdens, is steadily losing its strength[1]. The term of th Five-Year Plan has expired, with remarkably little accomplishec because of inflation; the burden of the food subsidies has becom too great for even minimum profitable prices to be paid to farmers and the 'bureaucratic octopus' is not only draining away mone resources but strangling activity as well. The gravity of the situa tion may be judged by the fact that there are food shortages i Buenos Aires, a city flanked on three sides by one of the larges and most fertile agricultural areas in the world. Fate has added t the effects of *Peronismo* with two consecutive summer droughts

[1] It is hoped to go into economic and legislative matters more thoroughly in later article.

It would take greater ability and resolution than is to be found nong General Perón's present colleagues to tackle the economic nfusion at its roots. The present danger is that General Perón, r lack of a better alternative, will continue to keep up his façade, hile being forced to tighten his grip on all economic activities, to lence criticism even more severely—other independent voices ay go the way of *La Prensa*—and in general to make of Argentina more vigorously isolated police State than it is already. In any ent, the country seems to be faced with unhappy prospects efore prosperity can return.

D. H.

The Present Situation in Spain

'HERE must be many people from Britain who have this year isited Spain for the first time. Their impressions of the country ill largely have depended on the particular area they visited, nce conditions vary enormously from region to region. Thus, isitors to Mallorca, the Costa Brava, or Madrid might gain an npression of prosperity that a journey to Estremadura or Andalcía would belie; but the majority will in any case have been struck y the contrast everywhere between rich and poor. Probably most urists have been surprised to find conditions more normal than ey had expected. There is, on the surface, little evidence of a olice State, and Spaniards in conversation criticize the Government freely and openly. The favourable tourist exchange rate akes prices seem cheap and gives an altogether false impression f the cost of living, which can only be assessed in relation to ages. It is the wide gap between wages and prices that is the rincipal feature in Spain today as it was in 1948.[1]

Returning to Spain this autumn after only a year's absence, ttle change seems noticeable, but by comparison with 1948 nditions, at any rate in Madrid, in some respects give the ppearance of a certain improvement. For example, there are

[1] See 'In Spain Today', in *The World Today*, July 1948.

more new buses and trams on the streets. But not only are on the new buses more expensive, but as the new trams automatic doors which can forcibly exclude the excess passe who formerly clustered about each end like a swarm of bee transport problem has probably grown worse rather than b It is often quicker to walk than to attempt to travel by b tram. Communications throughout the country constitute o Spain's major problems, and little renewal of rolling sto permanent way has been possible since the beginning of the War in 1936.

Then, too, many new buildings have now replaced the sc the Civil War, but most of these are banks, Government c and other public buildings, and luxury flats, while the dearth of working-class dwellings continues almost unreliev certain number of working-class blocks of flats at low rents been built, but from all sides one is told that it is impossil obtain one of these flats without influence, and that many present living in them whose level of income does not e them to do so. If the money and effort spent on the magni monument to those who fell on Franco's side in the Civil were devoted to the building of low-rent flats, a beginning v at least have been made towards solving the working-class ho problem. This monument, known as the Valle de los Caid being built near the Escorial, and with much the same pano view, at Franco's orders at a cost of 16 million pesetas. It is t of the Spanish urge to do things on a grand scale which onl often can ill be afforded.

Although in country districts less change is apparent, p in towns seem better and more smartly clad than they were years ago. This is probably due to the general standardizatio mass production of cheaper clothes, and to the increased produ of this type of goods in Spain, for official figures in fact show a rise in the cost of clothing since 1948. It must also be remem that appearances are often deceptive and that a Spaniard v pride will cause him to be well turned out may be living conditions of extreme poverty.

There has, however, been a very real improvement in S economic position during the last year. The principal reaso this is the excellent harvest which followed heavy rains. Fo first time since before the war it may not be necessary to s precious foreign currency on imports of wheat, a necessity v

until now has proved one of Franco's principal yearly difficultie Lack of fertilizers and a series of droughts have greatly hand capped the recovery of agriculture since the Civil War, added which the low official price offered for cereals has encourage farmers to grow more profitable cash crops such as tobacco ar cotton. Supplies of fertilizers are now much more readily avai able, largely owing to increased imports, and the installation new plant for the domestic manufacture of nitrogenous fertilize should bring still further improvement. Lack of mechanization farming is another serious factor retarding agricultural productio which in 1949 was less than two-thirds of the 1929 figure (tl index number for 1949, based on 1929=100, was only 64·3 For a country in which approximately 55 per cent of the popul tion was engaged in agriculture in 1940, and which in 1948 w estimated to rely on agricultural products to supply 75 per cent its foreign currency, this is indeed an unhealthy situation. Mor over, with a population of nearly 29 million which is still increasi at the rate of 1 per cent yearly, Spain's problem of feeding h people becomes each year more acute.

The abundant rains this year have transformed not only the agr cultural position but also the supply of electrical power on whi Spanish industry so largely depends. Whereas last year industri production was seriously hampered by shortage of power, th year, with the reservoirs 68 per cent full as compared with 11 p cent at the same time last year, prospects are proportionate better; the 'Not Working' notice on lifts, so familiar in previo years owing to electricity cuts, had this autumn become a rarit From 1946–9 the index of production, taking agriculture ar industry combined, has shown a steady decline, but this tre should now be decisively reversed, despite the continued shorta of industrial plant and raw materials. Already the first half of 19 has shown a favourable trade balance of some 200 million go pesetas, a most welcome addition to Spain's depleted stocks foreign currency. The gold reserve, severely reduced since the Ci War when the Republican Government sent most of it out of tl country, was only $61 million in July 1951.

Another important reason for the recovery of Spain's economy the grant of United States loans, though credits from the $62 million loan voted by Congress last year have been slow to released and at present amount to only $45·7 million. They ha mostly been made available by the United States for speci

projects likely to be of lasting benefit to the country, such as fc re-equipment of the railways, steel and fertilizer production, an mining. A proportion of the credits have been granted at Spanis insistence for the import of urgently needed items of currer consumption such as wheat, fertilizers, coal, and cotton. A furthe loan of $100 million has recently been voted by Congress. Thi confirmed the impression that United States aid to Spain wa beginning to flow more freely, and greatly contributed to th general atmosphere of optimism noticeable in Madrid this autumn The presence of a U.S. economic survey group and militar mission further encouraged the feeling that Spain had no become a centre of interest after her long period of isolatior Franco, it is reliably reported, has since refused to allow th Americans air-bases on the quasi-extraterritorial terms the sought, and, lacking the late Admiral Sherman's strong advocac of Spain's strategic importance, the Pentagon may perhaps hav begun to wonder whether the game is worth the candle. It is tru that Spain has promised the use of naval bases and is probabl little averse to having her ports modernized and equipped, bu whether the Spaniards' and Americans' conception of thei eventual use will prove to be the same remains to be seen. Franc has developed rigid ideas of what constitutes infringement c national sovereignty, and he is also a past-master at evasion an getting the best of a bargain.

The autumn's optimism is in marked contrast to the atmospher that prevailed last April and May after the wave of labour unres which followed the Barcelona strikes. At that time *Arriba*, th paper which usually reflects most closely the Government's views went so far as to urge upon its readers that 'it would be shee madness to forsake in a sudden and irrational stampede wha we have defended with enthusiasm for ten years'. The widesprea unrest last spring was directly due to the steep rise in the cost o living, but whereas in other countries wages have to some exten kept pace with prices, in Spain wages have scarcely increased a all.[1] Thus the cost of living is about six times that of 1936, whil wages have only risen by about one half since the same date Recently, however, there has been a more generous grant of cos of living bonuses. Although prices of potatoes and some othe foods have fallen since the Government removed controls in 195c

[1] *The Manchester Guardian*, 13 and 14 December 1950, published detaile figures showing the gap between wages and prices.

even the official figures show an increase in the cost of living index of roughly 10 per cent between January 1950 and January 1951. Too often the whole of a worker's wages has to be spent on providing food alone and he is forced to take supplementary jobs in order to pay for rent, clothing, and other expenses. When the statutory basic daily wage of an agricultural labourer is 12 pesetas —the price of two glasses of orangeade, in a country which grows oranges—one begins to understand the extreme bitterness against the regime to be found everywhere among the working classes. The theoretically excellent social services and other benefits, such as the distribution on a points system (five points for a wife and one for each child) of a proportion of profits earned by the employee's firm, have entirely failed to compensate for the enormous gap between wages and prices. Despite the universal dread of another civil war, the Barcelona strikes were a warning that breaking-point can be reached. With present improved prospects, Franco is now more secure than ever and need have no immediate fears, but should the recent phenomenal series of droughts recur, combined perhaps with a curtailment of U.S. aid, and should food become still scarcer and dearer, it is possible that desperation might override the fears of another civil war.

The Church under Franco has gained enormously in influence[1] since it has been allowed a free hand in education. But it has lately shown a growing realization of the dangers to itself inherent in a close association with a regime which allows such inequalities to exist between rich and poor. The Bishop of Málaga recently organized in his diocese a course for priests which gave them a thorough grounding in economic and social affairs. Its influence was such that other bishoprics throughout the country have since followed suit. It may be only a coincidence, but just before the strikes in Barcelona the city had been visited by a special mission which included priests who had attended this course. Housing schemes for the poor have been started by the Bishop in Málaga and this, too, is being done in other dioceses. Cardinal Segura, Archbishop of Seville, who has always been critical of the regime, recently attacked conditions under which workers in his diocese

[1] An organization within the Church which has been growing rapidly in importance is *Opus Dei* (*Sociedad Sacerdotal de la Santa Cruz y Opus Dei*). Its founder is a Spaniard, Escrivá, and it now has branches throughout Europe, the Americas, and Africa. Its object is to win the support of intellectuals for a more intense practice of religious precepts. It has won the Pope's approval and, according to Spanish informants, is extremely wealthy and powerful.

are living and appealed to the Government to take drastic mea
to end what the workers regarded as slavery. Outspoken ar
have appeared in the Church papers *Ecclesia* and *Tu*, respect
organs of the long-established Catholic organization *A*
Católica and of the Catholic trade union, the most recent l
written by the Archbishop of Valencia. An editorial in *Tu* o
Barcelona strikes was censored this spring. Many pre
though aware of the benefits they have derived under the re
are critical of State interference in the Church's affairs.
staunch supporters of Franco, such as the Primate of Spair
Archbishop of Toledo, Cardinal Pla y Daniel, have been mov
criticize the censorship; this, indeed, is hardly surprising,
even the Pope's own words have been censored when they
with freedom of the press.

A strict censorship is still exercised over all books and p
in Spain, though there has been noticeably more freedom l
particularly in the economic journals. This trend had al
started before the appointment in July as Minister of Pres
Information of Sr. Gabriel Salgado, who was in charge of ce
ship during the war when German influence was at its he
Whether the greater freedom is due to a wish to please the U.
or to Franco's feeling of increased security, is an open que

It is perhaps surprising that security measures to p
Franco's person at public functions are not very much strict
is true that his car does not linger along the streets, but, ju
from personal experience, close unchallenged access to Fran
not difficult. Nevertheless opinion seems to be unanimous th
police, who were reorganized on the German system durin
war, are extremely efficient and have full knowledge of all u
ground organizations. As one ex-Republican remarked,
seemed to be borne out by the rate of disappearance of his
politically active friends. He discovered by chance that he hi
had been allotted an active role by an underground organiz
though he had not been notified or had any direct contact wi
The difficulties of organizing any opposition under a rut
police system will be realized, and it should not be imagined
because people openly criticize the Government such a sy
does not exist. In Spain there is a deep gulf fixed between
and action. Yet, despite the difficulties, contact is maintained
exiles across the French frontier, and an underground organiz
was able to organize the widespread strikes this spring for w

at any rate in Barcelona, there seems reason to believe that young Falangists were partly responsible.

The Falange has a radical tradition which it owes to its founder José Antonio Primo de Rivera. Its structure is based on that of the Fascist and Nazi parties: it is both a political party composed of an elite, and a general party to which workers and students are forced to belong. Since its earliest days the Falange has contended with the Army for political power, and Franco has skilfully played each off against the other. For some years now the Army has been supreme and the Falange has lost almost all political power.

The Army is still the key to the political situation in Spain, and as long as things run smoothly it is likely to continue to support Franco. There seems little prospect that Don Juan, who is regarded by Franco as being tainted with liberalism, might gain the throne while the Caudillo is alive. Franco, who is now about fifty-nine, looking in excellent health and surprisingly slim, would like Don Juan to renounce his claim in favour of his eldest son, now fourteen and at school near Madrid. This Don Juan has so far refused to do, and in any case under Franco's Succession Law the boy would not succeed to the throne until he was thirty. Although he owes much of his success to the growing menace of Russia, Franco has played his hand with great skill, and, from a very precarious position in 1945 when the war ended, he has now gained both the return of Ambassadors from members of the United Nations and the grant of U.S. loans. Whether loans will continue to flow in when Franco has proved so intransigeant in refusing the Americans air bases on the terms they sought, remains to be seen. He has also been slow to remove the obstacles to freer trade and investment for which the United States has long been pressing, although Sr. Arburua, the new Minister of Trade and Commerce, has with difficulty achieved some minor improvements. If substantial loans are not forthcoming the country's economy will continue to be run on a hand-to-mouth basis. The Bank of Urquijo Report in 1948 estimated the minimum loan necessary to put Spain on her feet at $777 million; but the figure would now probably be nearer $1,500 million.[1]

The new British Government has made known its wish for better relations with Spain. While all who have experienced the

[1] On the other hand, a sub-committee of the U.S. Senate Foreign Relations Committee last August estimated loan requirements at $200 million for military and $200 million for civilian purposes.

graciousness of Spanish hospitality will endorse any friendly mo towards her people, it is as well to remember some facts about t regime. For example, one of those closest to Franco is Lt Carrero Blanco,[1] who is bitterly anti-British and to whom an thing which savours of liberalism is anathema. The Spani press publishes sustained and bitter attacks against Britai principally directed against Gibraltar, and Franco's latest pi prick is to recognize Farouk as King of the Sudan. Moreove there is plenty of evidence to suggest that could a free vote l taken the Government would at once be swept from power. I toleration of corruption, its suppression of regional loyalties— strong in Spain—and concentration of a bureaucratic admini trative machine in Madrid have earned it widespread hostili which is none the less real for being denied expression. Finall when assessing Franco's value as a potential ally, the unhapp experiences of his former associates, Hitler and Mussolini, shou be borne in mind. A safe guide would be to regard it as certain th Franco will always act in what from his point of view are the be interests of Spain.

D. K. M. K.

Political Changes in Greece

THE post-liberation period in Greece has seen the sharp disintegra tion of parliamentary forces, after an eight-year interval of dicta torship and enemy occupation. This, with the tendency of th electorate to split up its vote among a large number of small partie has made for an unbroken record of political instability. Th political colour of the groups which confuse the contemporar scene cannot be interpreted in terms of English equivalents. In broad classification they divide roughly into Right, Centre, an Left. Hardest of all to define is the Centre.

PARTY GROUPINGS

The only significant new Right-wing politician of the early post war period was Spiro Markezinis, who, after helping to organiz

[1] He has written newspaper articles under the pseudonym 'Hispanicus' ar broadcast as 'Juan de la Cosa'. He also published a book under his own nan in 1942, *España y el Mar*, and last year published another: *España ante el Mund* under his pseudonym of 'Juan de la Cosa'. He was promoted in July to be Minister without Portfolio.

the return of King George II in September 1946, broke away from the Populists to form the New Party. In 1949 a currency smuggling scandal was exploited by the Populists to bring about the downfall of Markezinis, and despite vindication in the Law Courts his career was pushed into abeyance for nearly three years. The Populists under Tsaldaris, the traditional backbone of the Right, remained its strongest force until the disclosure in November 1950 of the Piraeus Port Organization (O.L.P.) scandal. Lambrakis, the owner of the important liberal newspaper *Vima* and a personal friend of Markezinis, was largely instrumental in bringing this matter to light. Several Populists were inculpated, and the episode resulted in an open split within the party and the formation under Stephanopoulos of a splinter group known as the Dissident or Independent Populists. This group in January 1951 joined with the Unionist Party to form the L.E.K. (Populist-Unionist Party).

Kanellopoulos's Unionists, Papandreou's Democratic Socialists, and the members of the Liberal Party who follow Sophocles Venizelos, although less reactionary than the Populists, are by British standards well to the right of the Centre. The most important development on the Centre's left was the last minute co-operation in the election of March 1950 between General Plastiras and Tsouderos for the formation of E.P.E.K. (the National Progressive Union of the Centre). General Plastiras, a eformed Republican revolutionary well-versed in the technique of *coups d'état*, is one of the most popular of Greek personalities. Other prominent figures in E.P.E.K. are the economist and Reistance leader George Kartalis and the former Liberal Constanine Rendis. Rendis split with Venizelos when the latter entered nto a coalition which included the Populists. Up till the Election f last September E.P.E.K. was the only new post-war group to ain unexpected and outstanding success. Its value lies in the proision of an outlet for the non-Communist supporters of the former .A.M. and for a substantial leftist floating vote which, in the bsence of an effective Socialist movement, might, but for E.P.E.K., ırn to Communism.

The representation of the Left, since the banning of the Greek ommunist Party (K.K.E.) during the guerrilla rising of 1946–9, as until recently limited to two Socialist groups, the S.K.E. ocialist Party of Greece) under the late Sophianopoulos and the .L.D. (Popular Democratic Union) under Svolos. Socialism in reece still suffers from the disadvantage that in the eyes of

authority and many of the people it is scarcely distinguishable :
Communism.

Outside the extremist groups of neo-Metaxists or Commui
the differences which separated one party from the other
mainly a question of personalities rather than of program
Electoral pledges might vary slightly but were always expr
in the vaguest terms. The failure to honour them could usual
justified on the grounds of impracticability owing to the absen
an absolute majority. The Populists were the only single party
to gain an absolute majority in the post-war period, and this
largely due to abnormal circumstances prevailing in 1946.
Government has been able to carry out the strong policy need
meet post-war conditions, and, including reshuffles, as man
twenty-six Governments have held office in the past six year

THE SEPTEMBER 1951 ELECTION

With the entry of Field-Marshal Papagos into politics
months after his resignation on 30 May from the post of C
mander-in-Chief of the Armed Forces, hopes ran high that Gr
might at last be provided with a much-needed stable Governn
Papagos insisted that his movement, Greek Rally, was n
party, and that men of all political sympathies would be welc
as individuals on condition that they forsook previous p
allegiances. Two of the Right-wing parties, the L.E.K.
Markezinis's New Party, were immediately dissolved to enable
representatives to become members of Greek Rally. Desert
from the smaller parties of the Right and the Right-Centre
also numerous, and included prominent figures such as I
Makkas, the former Democratic Socialist Minister of Indu
Papagos promised no easy future. In his few speeches he appe
for hard work, emphasizing the need to become less depender
American aid. In common with men of the Left, the Ra
spokesmen claimed that internal pacification was also a m
objective of Papagos's policy.

Although the hopes of strong government were not to
realized, the Election resulted in drastic changes in the poli
scene. In order to gain the monopoly of power for themselves
larger parties this time introduced a modified system of Pro
tional Representation, designed to eliminate the smaller gro
Only parties gaining at least 17 per cent or, in the case of coaliti
a minimum of 20 per cent of the total votes cast throughout

country were eligible for the second distribution of seats. The choice was narrowed down to eight parties or groups, in contrast to twenty-six in the Election of March 1950. Political orators simplified the issue even further into the choice of 'Papagos, the Old Parties, or Communism'.

When the 'old parties' passed the new electoral law they had not anticipated a rival—potentially far stronger than themselves—in Papagos's Greek Rally. The power they had enjoyed for so long on the basis of compromise and coalition was now threatened. Consequently the anti-Papagist campaign reached an almost unprecedented vindictiveness, especially on the part of the Venizelists. But Plastiras refrained from attacks against Papagos, even though, as results later proved, he was the Field-Marshal's chief rival.

The orderly and peaceful conduct of the elections during a period of such high political tension can largely be attributed to the mood of the people. No one wants a return of the violence seen in the past few years. It is still doubtful whether elections in Greece can be considered entirely free from indirect political pressure. One Greek lawyer with long experience of electoral procedure estimated that about 30 per cent of the voters do not vote for the candidate of their true choice, but are dominated by extraneous motives. For instance, Gendarmerie chiefs can be moved by the politicians to positions where they can use moral pressure to further the interests of a specific deputy; and a peasant may still feel that he stands a better chance of obtaining the fertilizer or other equipment he urgently needs if he supports the politics of the official responsible for the distribution of such commodities.

Nevertheless, the precautions taken inside the booths to ensure fairness and secrecy are impressive. A local committee officiates under the strict supervision of a non-party lawyer not known in the locality. In event of dispute his authority is final. A further check is provided by the representatives of each party who sit in constant vigilance over the proceedings and have the right to protest at any sign of discrimination. But despite these safeguards the system is not completely water-tight. To ensure secrecy inside the booth each voter must pick up from the committee's table one ballot sheet from all the parties represented, as well as a blank for abstention. After putting the selected sheet into a closed envelope he returns it to a sealed box. By taking the rejected sheets outside, which is permitted, he can, on the basis of elimination, satisfy any political blackmailer that he has voted as instructed.

Few complaints about technical procedure arose out o
recent Election. But the electoral law in all its complexity has
contested, for different reasons, both by the Rally and the
Communists. Both the Papagists and their opponents
plained that their supporters within the Army were intimid
The Venizelists argued that the secret society within the
known as I.D.E.A. (Sacred Bond of Greek Officers) was wo
for Papagos. Much has still to be learnt about I.D.E.A. Its pu
at one time was to prevent the infiltration of E.A.M. into the C
Army in the Middle East during the war. Three years ago,
young officers, at the height of the Communist-organized rebel
were openly proclaiming that Greece needed a period of mil
dictatorship, I.D.E.A. seems to have found a fresh opportunit
self-expression. But in the latest Election the politicians' argum
that the soldiers were voting for Papagos under the pressu
I.D.E.A. were unconvincing, as it was always likely they wou
their own free will support the ex-Commander-in-Chief. O
other hand the distribution in military circles of anti-Pap
leaflets enabled Greek Rally to retaliate that the politicians
making use of a counter military league within the Army.

The results of this heated contest were as inconclusive as t
of most of the previous post-war Greek elections. Six out o
eight groups survived, but none obtained an absolute maj

	SEPTEMBER 1951			MARCH 195	
Parties or Groups	*Number of constituencies with candidates*	*Votes*	*Number of Deputies in Parliament*	*Votes*	*Num De Par*
Greek Rally (Papagos)*	41	624,316	114	—	
E.P.E.K. (Plastiras)	41	401,379	74	277,812	
Liberals (S Venizelos)	41	325,390	57	290,983	
E D.A. (Uncertain)*	41	180,640	10	—	
Populists (Tsaldaris)	40	113,876	2	317,583	
Democratic Socialists (Papandreou)	19	35,910	—	180,085	
E.L.D. (Svolos)	11	3,912	—	—	
Farmers and Workers (Baltazis)	7	21,009	1	44,308	
Democratic Front (Svolos, Sophianopoulos)	—	—	—	163,520	

NOTE: The figures for the votes cast vary slightly according to the dif
official sources and cannot be taken as completely accurate.

* Did not participate in 1950.

Significant changes among the old parties include the
eclipse of Papandreou's Social Democrats and the heavy defe
the Populists, lead by Tsaldaris, who, having lost the bulk o
supporters to Papagos, only retained two seats, whereas his

headed the 1950 electoral list with sixty-two. Another well-known politician to lose his seat was Tsouderos, who in the eyes of the Greeks paid a just penalty for his desertion last July from Plastiras's E.P.E.K. to the Liberals. Though the Liberals ran the best list of individual candidates they only just managed to participate in the second distribution of seats. Socialism's weakness was evident from Professor Svolos's low poll. The extreme Left—E.D.A.—gained more votes than the two Socialist parties, S.K.E. and E.L.D., which ran jointly in the 1950 Election under the co-leadership of Sophianopoulos and Svolos. But it should be remembered that E.D.A. put up candidates in many more constituencies than did the S.K.E.-E.L.D. group in 1950.

E.D.A. has replaced the proscribed Communist Party, K.K.E. It is supported by the newspaper *Dimokratikos* which, having been suppressed, was allowed shortly before the Election to reappear as *Dimokratiki*. All ten of E.D.A.'s elected candidates were either serving prison sentences for offences in connection with the Communist rebellion, or else were detained on Aghios Efstratios 'for reasons of national security'. Internees who were at Makronisos until a Plastiras Government closed this camp in 1950 were permitted to vote in the previous Election. The new electoral law of July 1951 now deprives them of this right. Since under Greek law only those who are entitled to vote may stand for Parliament, it was always expected that the special Tribunals set up to investigate electoral irregularities would ultimately invalidate E.D.A.'s original candidates. At the time of going to press this has already happened in the case of six, who will be replaced in Parliament by the next on the list. E.D.A.'s decision to put forward candidates who were either imprisoned or detained is generally attributed to the desire to attract publicity in international circles sympathetic to Communism. Well-known figures such as the ex-Commander of E.L.A.S., General Sarafis, and Ambatielos, the husband of a *Daily Worker* correspondent, were more likely to do this than obscure candidates whose eligibility would probably go unchallenged. E.D.A. at the moment suffers from the disunity which characterizes most Greek political groups, and its significance cannot be fully assessed at this stage.

THE ELECTION DEADLOCK

More important, for the time being, is the reorientation of Right-wing forces which led to the Election deadlock in September. In

accordance with accepted precedent the King called in all the party leaders separately in order of their parliamentary strengths. Since no party was in a position to form a Government alone, the King appealed to the leaders of the Rally, E.P.E.K., and the Liberals to co-operate in a tripartite coalition. Papagos, refusing the offer of Premiership, declined to accept this proposal. Alternative suggestions put forward in political circles were a Rally-Liberal Coalition or an E.P.E.K.-Liberal Coalition. Unofficially the Americans were known to favour the first, which, however, was the most unlikely of all to materialize. The Papagists contended that the King should exert his prerogative for the dissolution of Parliament and that the Rally, as the strongest single group, should be entrusted with the mandate for the holding of an immediate fresh election under the majority system. Never at any time was the King likely to adopt this course.

Field-Marshal Papagos's attitude was denounced as unpatriotic by his opponents at home and by editorial commentators abroad. He himself insists that a strong one-party Government is essential to bring Greece out of the present economic and political crisis. Moreover, he contends that weak coalitions have brought Greece 'to the edge of a precipice', and that only a Government which can be sure of staying in power several years can hope to carry out an effective but unpopular economic policy. Another factor in the Field-Marshal's argument is the view that co-operation with the 'old parties' would be a grave breach of the Rally's electoral pledges. Political strategy may also have had some bearing on Papagos's decision. Had he once joined with his rivals his position would have been most vulnerable and they could easily have manoeuvred him out of office.

THE NEW COALITION GOVERNMENT

After a delay of nearly two months from polling day, an E.P.E.K.-Liberal Coalition Government was formed on 27 October under the Premiership of Plastiras. During this time the American Ambassador publicly stated that days and weeks had been allowed to slip by which could have been spent 'improving the lot of the Greek people'. Nevertheless Greeks are already speaking of a new election as though this was inevitable within a few months.

The lack of confidence in the present Government is understandable, since its composition closely resembles the coalition

ɹr Plastiras which tried and failed between April and August of ›. Furthermore its majority of only four seats over all other ıes may compel it to turn to near-Communist benches for tional support. Wide divergences of opinion on vital matters of ;y separate the Conservative wing of the Venizelists from the -wing of the E.P.E.K. Disagreement arises over the size of the y and the question of leniency to prisoners and detainees held ınnection with the Civil War. E.P.E.K.'s leaders have only to e Budget statistics, which reveal that 43 per cent of the national nue is at present absorbed by defence expenditure, to support claim that the army should be reduced from the present 'e of about 135,000 to 60,000 or 80,000. E.P.E.K. is also ged to far wider measures of leniency to Civil War offences are likely to be approved by the more conservative of the zelists. Already there are signs that compromises are being e on these points; and if such compromises go too far E.P.E.K. lose a large proportion of its supporters from the Left. Thus ɔtions to Left or Right, to E.D.A. or to the Rally, might at an date rob the coalition of its majority. To add to these fundatal weaknesses the Plastiras Government is worse off today when it held office in 1950 because it faces in the Opposition ɔf the strongest political groups in post-war Greek politics.

PAPAGOS AND THE MONARCHY

any people feel that the division of the nation since the Elecinto Papagist and anti-Papagist groups holds new dangers for ɔce. When Papagos resigned the appointment of Commanderhief many Greeks were under the impression that he was y treated by the Monarchy. This precipitated a strong wave of Royalist feeling among those who had once been the Mony's most loyal supporters. Once Papagos entered politics, his ɡreement with the Palace, which in any normal background ld have been restricted to the safe confines of a personal dispute, to become a national issue. The reasons behind this rift are ɔlex; but it is significant that they are confirmed without variaby many different sources usually considered reliable. Papagos ɛ remains silent, stating that he cannot explain at present why esigned the post of Commander-in-Chief. His reticence is ı attributed to his staunch Royalism and the desire to avoid icizing aspects of Greek life which might discredit the nation ıternational opinion. Despite great provocation, Papagos's

electoral campaign showed a restraint and dignity rare in Greek politics; throughout he refrained from turning the rift with the Palace to his own political advantage. Officially, the Rally's spokesmen have tended to play down the problem of Papagos's relations with the Royal Family, implying that as far as he was concerned the door to reconciliation had never been closed. Most Greeks would be relieved to see such a reconciliation take place in the interest of the country's stability.

King Paul and Queen Frederika, however, having broken away from the traditional supporters of Royalism, now find themselves somewhat incongruously on the same side as a motley group of politicians ranging in political sympathy from Right-Centre to extreme Left. Most of the former Royalist newspapers now wholeheartedly support Papagos; and the liberal *Vima*, with its split loyalties, can hardly be regarded as an effective opponent to the Rally. Thus, the main champions of Royalism in the past few months have been the Liberal-Left *Eleftheria* and the sensational *Athinaïki*. The Royal family, whose popularity reached its height during the Communist rebellion, has been steadily losing influence over a long period, especially in the towns. The process was greatly accelerated by their attitude during the Election months. Though there has so far been no revival of the Republican issue, their future can no longer be considered completely secure.

POLITICS AND THE ARMY

Another consequence of Papagos's entry into politics which has caused concern is the new division of loyalties within the Army. After Papagos's resignation as Commander-in-Chief on 30 May a reshuffle of senior posts took place. Important changes included the appointment of the ambitious and popular Lieut. General Tsakalotos, who gained fame at Rimini and later against the *andartes*, to the post of Chief of Army Staff. Lieut. General Kitrilakis, who had until then been Deputy Chief of Staff of National Defence, replaced General Tsakalotos in the inactive post of Inspector General of the Army.

The Election clearly revealed that the Army was once more subject to political influences. Less than three weeks before polling day the public was deeply shocked to learn of a plan on the part of the politicians to deprive the Army of its vote. This came out when a top secret memorandum from General Tsakalotos to the King was published in *Athinaïki*. General Tsakalotos, quoting similar

opinions from other senior officers, maintained that the existence of I.D.E.A.—the secret society within the Army, of which mention was made earlier in this article—made it undesirable for the Army to vote now that Papagos had entered politics. Among the few but important exceptions who registered disapproval of any attempt to deprive the Army of its vote was Lieut. General Grigoropoulos, Chief of Staff of National Defence. His opinion that discipline would prevail was more than justified by the fact that the Election passed off without disturbances. A sequence to the publication of the Tsakalotos memorandum was the arrest of Papagos's A.D.C., Colonel Gogoussis, because of his association with I.D.E.A. This was part of a campaign to alienate public sympathy for Papagos despite the fact that I.D.E.A. had existed long before he became Commander-in-Chief. When it became apparent that Papagos would not obtain an absolute majority all press commentary on the Gogoussis case, which still has to be decided, was forbidden.

Recent events have shown that once Papagos turned politician he was faced with powerful enemies in certain sectors of the Greek General Staff and the Court circle. Against this minority he could count on the loyalty of the bulk of the junior officers up to the rank of Brigadier. The military vote, which is counted separately from the civilian, revealed that 50 per cent of the total service vote, which includes Gendarmerie, was in Papagos's favour.

The Greek Army has a long tradition of political activity. This was inevitable so long as the politicians interfered in military affairs. One of Papagos's achievements when he took over the Command in 1949 was the elimination, at least temporarily, of political influences. At this time Papagos was in direct control of Army appointments. Since his resignation events have given rise to fears that political considerations may again affect promotions or lead to the victimization of individual officers. An encouraging factor, however, is the neutrality of Lieut.-General Grigoropoulos in the political quarrel. His presence as Chief of Staff of National Defence is considered to lessen the risk of serious trouble developing in the Army. But new elections might precipitate a crisis, especially if at the time a Papagos victory seemed likely.

THE RALLY'S FUTURE

The chances of a Papagos victory cannot be foretold at present. Even some of his own supporters feel that the tide of enthusiasm which brought the Rally to the top of the list last time has faded

into anti-climax. On the other hand many still feel that ther alternative to the Rally, since all other political combination been tried and failed, most of them several times. It is questi whether the Rally will manage to retain the unity essential nc to ultimate success but also to its survival. Papagos has no n a political career. A reserved character of ascetic tastes w intense dislike of publicity, his entry into politics can be attr to disinterested motives. But many of his deputies are as amt as any other Greek politician. Too long a period in the Opp may tempt them to seek political success elsewhere. This is e what the opponents of the Greek Rally hope will happen.

Among the existing political groups probably only E.P.E.I by General Plastiras, need at the present time be consid serious rival. Both Papagos and Plastiras might do well u majority system. There is consequently a possibility tha method of voting may be introduced despite the objections Liberals and the small parties. Unless the Liberals can rega ground they are unlikely to survive the majority system. Sc them regard a fusion with E.P.E.K. as inevitable in the near f but this would be a difficult step for General Plastiras si might drive many of his supporters on the Left over to the Communist E.D.A. The Centre Parties would thus be still fi weakened, to the probable gain of the Rally.

In the meantime the Rally's role in the Opposition gi valuable experience and an opportunity to tackle its own pro of reorganization. The party was hastily formed, and its l maintain that inevitably mistakes were made which cou avoided next time. Papagos's stay-at-home electoral campai contrast to the exhaustive tours of, for example, General Pla is believed to have lost the Rally a good many votes. Alt Papagos may be held in great respect for his detachment— quality in Greece—the ordinary Greek expects his heroes accessible. The local factor is also important, particularly in c rural constituencies, where the people tend to vote for th dominating personality of the district irrespective of party siderations. The organizers of the Greek Rally believe tha longer to plan it should be possible to select the most su candidate according to the needs of each area.

A far greater problem for Papagos is the need to 'liberaliz Rally, which despite his original wish to form a non-party na movement is in effect a concentration of Right-wing forces

only Rightist of any real significance outside this group is Tsaldaris; and his vote against the E.P.E.K.-Liberal Government at the opening of Parliament suggests that he may yet work his passage into the Papagist ranks. Both Papagos and Plastiras, as the leaders of the two newest political groups, largely owe their success in the last Election to the desire for change. But the change which most people want is one that is likely to bring the type of social reforms more commonly associated with Liberalism and Socialism than with the Right.

People are asking how it would be possible for Papagos's movement, any more than for any other successful party, to free itself from obligations to the moneyed groups who sponsor the politicians. The industrialists and merchants follow no set political course, but switch according to the predominant trend in popular reaction. To them political parties are a form of investment against the economic reforms which sooner or later some Government will have to introduce if there is not to be a new revolution. For this reason a considerable sector of the Greek public considers that economic progress can only take place under a dictatorship, since the politicians are not financially independent. The failure of democratic government has evoked in some quarters a strong nostalgia for Metaxas. It is significant that in the first Municipal Elections since the dictatorship a Metaxist official was returned a few months ago as Mayor of Athens.

Nevertheless many Greeks are still strongly resistant to the idea of dictatorship. The phobia that Papagos's 'strong Government' might slowly turn into an authoritarian regime is one of the Rally's serious obstacles. There is nothing in Papagos's personal record to justify such fears, but his opponents have exploited them to the full. Among the Rally's deputies are leading ex-Metaxists, including the former Minister of Finance, Apostolides. Some of the Rally's supporters are the first to admit that if the stigma of Metaxism is to be eradicated the movement would need to include prominent figures at least as far to the Left as E.P.E.K. Yet it is doubtful whether men such as Kartalis or Rendis could have been won over at any time, and still less at this late stage.

At present Papagos's main political advisers are men whose previous careers were associated with the Populists and other Right-wing parties. In Kanellopoulos he has a capable and experienced even if not entirely successful politician; in Markezinis a dynamic right-hand adviser of forceful personality. The advent of the Rally

has brought Markezinis once more to the forefront of Greek pol
But even his own admirers sometimes fear that his tenden
dominate the direction of the Papagos movement may outv
the advantages of his organizing ability and youthful vitality

It remains to be seen whether the Papagists will fade aw
will ultimately provide Greece with the strong government t
so urgently needed. The September Election may well turn o
be the first phase of a long political struggle which has still
decided.

N.

The Arrest of Communist Leaders in Poland

THE mental blinkers provided for Communist Party membe
the very selected works of Marx and Lenin are indispensabl
the prevention of deviations from the straight and narrow pa
Stalinist orthodoxy. For the organizational core of the We
Parties—the 'cadres'—these blinkers prove, with minor except
adequate for the purpose. In these Parties the legend of Rus
the Socialist Fatherland lending unstinted and disinterested a
the world's workers retains all its compelling attraction. Bu
Parties in the Cominform countries have been, and continue t
confronted with the profound differences between the indoctri
myth and the realities of Soviet policy.

The situation of the Party in Poland, for example, is in
respect of particular interest, because of this country's long r
of resistance to the colonizing and russification policy of T
Russia. The material techniques of society may undergo rapi
radical changes, while its ideas suffer no fundamental modifica
So Soviet Russia's conception of its relations with Poland, an
resultant policy pursued, do not essentially differ from tho
Tsarist Russia.

But the Russia of today at once benefits from, and is burd
by, the new mystique of the 'solidarity' of the workers of all l
a mystique of which the Soviet Union claims to be the living
bol, the most highly developed expression. The acid test of
claim came with the Yugoslav-Russian dispute in 1948. This

major exposure of the existence within the Communist Parties of diametrically opposite interpretations of the meaning of 'international solidarity' wrought havoc in all the Cominform Parties and seriously alarmed the Kremlin. For it is upon these Parties that Soviet Russia relies to disguise the fact that its policy towards the countries concerned does not fundamentally differ from that of the Tsars. And not only are these Parties essential for camouflage; they are also necessary for the creation of a native administrative apparatus, without which Soviet domination would be a hundredfold more costly and difficult. To ensure the absolute, unquestioning loyalty of these Parties is therefore the supreme task. In order to fulfil this task these Parties have, paradoxical as it may seem, to be destroyed and created anew.

The Polish Party gave evidence of revolt against the Kremlin's conception of international solidarity in no less a person than Vladislav Gomulka, Secretary-General, deputy Prime Minister, and Minister for the Recovered Territories. During the debates on the Yugoslav question he was accused of a conciliatory attitude towards Tito, of nationalist tendencies, and of failing to understand the leading role of the Communist Party of the Soviet Union. This last phrase is the nub of the matter. There is little doubt that in adopting this attitude Gomulka miscalculated. He did not at once realize the seriousness of the dispute and the impossibility of reconciling the two viewpoints. But it is equally clear that he spoke not merely as an individual, but as the representative of a definite tendency within the Party. However, the upper strata of all Communist Parties know well enough that in all disputes the decisive word lies with the 'leading Party', that is, with the Soviet Government. The Polish leaders would recall the dissolution, in 1938, of the entire Party, together with the Young Communist League, and the execution of many leaders (who at the time were in exile in Moscow, where they had been for some years) as spies and agents-provocateurs. Recognizing his mistake, Gomulka recanted, denounced Tito, and vigorously protested his loyalty to the Party line. Henceforth, however, he could not but be suspect in the eyes of the Kremlin.

But his popularity in the Party, of which he was a founder member, and the need to secure positions within the country, determined the Soviet Government to adopt preliminary undermining tactics before striking the decisive blow against him. Such a man as Gomulka—of whom Mikolajczyk said, 'He is my most dangerous

enemy. He has a strong personality, an iron will and fanatical courage. He knows the Polish people, especially the peasants; he is a good speaker; he has a plan and will carry it out'—such a man could not but have considerable influence. A direct frontal attack launched at that stage might have created more difficulties than it solved. Therefore, although dismissed from his post as Secretary General in September 1948, he was allowed to retain his posts as deputy Prime Minister and Minister of the Recovered Territories.

In December 1948 the Merger Congress of the Polish Socialist Party and the Polish Communist Party took place. Gomulka's speech at this Congress showed that there had been no period of truce in the struggle for power within the Party. The line taken by his opponents to undermine his authority is seen by the way in which his speech was reported in *Zycie Warszawy* (19 December). Gomulka's 'conception [of the problems of internationalism and nationalism] omitted the international solidarity of workers throughout the world . . . and restricted internationalism to mutual respect among the nations for each other's culture, language, traditions, and national dignity'. If this is an accurate report of Gomulka's viewpoint, it is clear that he represented, and was battling for, a measure of independence *vis-à-vis* the Soviet Union. If this was a distorted or inaccurate version of his views, it is equally clear that this is a scarcely veiled charge of Titoism. It is not entirely out of the question that Gomulka really did have the ambition to create an independent Poland along Yugoslav lines.

Fighting strongly to strengthen his position in the Party, Gomulka gave a long account of his past services to the Party and of his work during the occupation. The Congress re-elected him to the Central Committee of the new United Workers' Party. The correctness of his opponents' tactic of withholding their heavy artillery while progressively undermining his authority was confirmed by this expression of his continued popularity.

But his success at the Congress proved to be ephemeral. For Party policy is not decided by the votes of the membership, but by manoeuvres behind the scenes. In January 1949 he was relieved of his posts and relegated to the Vice-Presidency of the State Supreme Control Board and Audit Office. The manner in which he was jockeyed into position for the *coup de grâce* thus followed the classic Soviet pattern.

Significantly enough, the thumbs-down sign came a few days after the arrival in the country, in the following November, of

ıntin Rokossovsky, appointed by Moscow as Marshal of
l and Minister of Defence. (One recalls Duke Constantin,
y Alexander I to govern 'Congress' Poland). Gomulka was
:d from the Central Committee and from 'all Party authori-
ıd his place was taken by the 'co-opted' Rokossovsky. Also
:d with Gomulka were General Marian Spychalski, Deputy
ılitical Affairs to the C.-in-C. of the Polish Army from
t 1945 to April 1949, and Zeno Kliszko, head of the vital
; Section of the Party from the liberation to September 1948.
ıgh Gomulka had been present at the Soviet Ambassador's
ion only four days before this meeting of the Central Com-
, it would be incorrect to assume that the decision to expel
ad not been long prepared. Once again one perceives the
Soviet tactic of lulling the victim into a false sense of
y.

)ctober 1949 Mr Dubiel, who had been deputy Minister to
lka when the latter was Minister of the Recovered Terri-
had been arrested, together with Kowalewski, Vice-Minister
;riculture, and Kochanowicz, Vice-Minister for Labour—
ɔrmer Socialists. That the entire Party had been undergoing
ensive purge, of which Gomulka's expulsion was the cul-
on, is seen from the statement of Bierut, made at the expul-
ıeeting, that new elections of Party authorities would have
'arried out *at all levels*. At this plenary session of the Central
ıittee (11–13 November 1949) Bierut also stated that 'When
ing specific Polish conditions, one comes to the conclusion
ıe danger of spying, sabotage, conspiracy, and terrorist and
diversion has a deeper basis here than anywhere else'. Can
doubted that this view of the delicacy and danger of the
on in Poland was a paraphrase of the Soviet reasons for
g Rokossovsky to take charge of the armed forces?

: resolution announcing the expulsion of Gomulka, Kliszko,
pychalski made an apparent distinction between the guilt
first two and the last. Gomulka and Kliszko had not shown
vill in repairing the damage inflicted upon the Party by
·Wing Nationalist deviation upon which imperialism and its
counted . . .;' they 'shirked aiding the Party in fully un-
ıg the hostile agents who slipped into various posts . . .' But
alski 'showed unpardonable political blindness resulting
ı false opportunist and nationalist attitude, and this
le made possible penetration into responsible posts of hostile

agents . . . for the benefit of alien intelligence services . . .' Subsequent events, however, make it plain that the distinction was more apparent than real. It was simply a matter of tactics and timing, yet once more on the familiar Soviet lines. Spychalski was to be the first victim to be worked on. He would be used to destroy Gomulka.

There followed a long lull in the affair, during which there was no official indication of the fate of these three men. One reason for delay may have been the calibre of the men concerned (that the Russians perhaps find Poles in general particularly hard to break down may be gathered from the trial of Polish leaders in Moscow in June 1945).[1] Whatever the various factors making for delay, the stage for a preliminary trial of conspirators associated with Gomulka was at last set in July 1951, when nine high-ranking army officers were charged with conspiring to overthrow the regime by force, and the main witness against the accused brought into court from prison was Spychalski. As is usual at such trials, Spychalski was a self-inculpatory witness. In the recital of his misdeeds, however, he laid 'moral responsibility' upon the shoulders of Gomulka. Since no witness would dare to make such allegations without prior consultation and agreement with the Prosecution, it was obvious that the preparations for Gomulka's trial were under way.

But the long period that has elapsed since Gomulka's disgrace without his having been brought to trial points to the inevitable dilemma that must always face the Soviet puppets controlling the Communist Parties of the Cominform countries. Trials and purges serve their calculated purpose of terrorizing the 'cadres' away from any thought of disobedience, and of eliminating all those around whom an opposition tendency might crystallize. But this advantage also has its reverse side. For each trial of a once adored leader tears more holes in the shoddy façade of the Russian mystique of 'international solidarity', revealing ever more plainly the reality of Russian imperialism behind it. How does it happen that there is not one single Party that is not shot through and through, from top to bottom, with this 'disloyalty to the Socialist Fatherland'? And that this disloyalty is evinced, not only and not even primarily by newcomers to the Party, but by nearly all the 'old guard'? There can be no doubt that these questions are pondered by the majority of

[1] See L. Okulicki and others, *Trial of the Organizers, Leaders and Members of the Polish Diversionist Organizations . . . , heard before the Military Collegium of the Supreme Court of the U.S.S.R., June* 18–21, 1945 (London, Hutchinson, 1945).

rty members behind the Iron Curtain. The trials are thus a two-
ged weapon, however immediately effective they may be. What
left of the Party is cowed into obedience, but it is both quanti-
ively and qualitatively weakened. Yet the existence of an
ligenous Communist Party in each satellite country is vital to
viet policy.

The preoccupation of Russia's satraps with this problem is
ll illustrated in a statement by Boleslav Bierut, who, in a report
ide in his capacity as Chairman of the Central Committee, said
it '. . . shortage of leading cadres is already becoming the main
rrier in the work of some sections of our Party and economic
paratus'.[1] The most urgent problem facing the Party was that of
speedier development of cadres, upon which the success of the
-Year Plan and further progress almost entirely depended.

In this report Bierut divided the Party into three groups. The
st, composed of political workers of the Central Committee,
retaries of Provincial Committees, heads of departments of
ovincial Committees, and their deputies, totalled less than 9 per
nt of the entire apparatus. '*This small group has the greatest
mber of old pre-war members of the Communist Party.* There are
nost no comrades in this group whose Party membership is *less
in three years*', says Bierut (author's italics). The second group—
retaries of district and city committees and instructors of pro-
icial committees—accounted for a further 17 per cent of the
dre members; and in this group only 56 per cent of the secre-
ies and 42 per cent of the instructors had been through a Party
ining course. Over one half of the members of these two groups
re new recruits. The third group consisted of officials on district
d city committees, secretaries of rural sub-district committees,
d full-time secretaries of Party organizations in big enterprises,
d accounted for 57 per cent of the entire Party apparatus. Two-
rds of this group were new recruits. Thus more than half of
cadres were made up of new members, most of whom had
t even been indoctrinated with Marxist-Leninism.

Two aspects of Bierut's criticism of the Party cadres are worth
ting. First, it is clear that the merger with the Polish Socialist
rty had given to former Socialists positions of responsibility in
lowest section of the new United Workers' Party, while leaving
key positions in the hands of Communists or crypto-Com-
inists who had previously been working in the Socialist Party.

[1] *For a Lasting Peace, for a People's Democracy*, 26 May 1950.

Secondly, the strength of the Communists had been both relatively and absolutely weakened by the purges and the failure to recruit and train new members for the Communist Party prior to the merger. There had been an 'under-estimation of the need to increase the Party apparatus'. This situation had to be remedied by an intensive Marxist-Leninist educational campaign and the elimination of Socialists from the apparatus.

But three months later Hilary Minc, Vice-Premier and member of the Politburo, was complaining to delegates of the Warsaw United Workers' (i.e. Communist) Party of the lack of response to the recruiting campaign and the fall in the percentage of workers in the Warsaw organization. And it was further pointed out that among the roughly 25,000 students at Warsaw University and Polytechnic only 6 per cent belonged to the Party.

Thus on the one hand the purges deplete the ranks, while on the other they make it extremely difficult to find people prepared to take on responsible Party jobs. Walking the tightrope of the Party line is not everyone's speciality. And should Gomulka and his friends be shortly brought to trial, as now seems highly probable, this reluctance to take the risk of making the slip he made will not be decreased. In these circumstances even the hardiest careerist may well think twice before linking his fate with that of an organization in which even the apparently most secure and honoured members can fall so suddenly to disaster. To the Western observer, at least, it would seem that for the ordinary Polish citizen, and in particular for the youth, such a trial can hardly fail to sharpen awareness of the country's domination by Russia. For the theme of this propaganda trial has already been anticipated by Vice-Premier Zawadzki in a speech during the October Revolution celebrations in Warsaw. The Gomulka and Spychalski Group, he said, is the 'clique which tried to create a rift between Poland and the Soviet Union, to tear our nation away from the sources of strength and development, from the October idea'.

Thus Gomulka, Spychalski, Kliszko, and their ilk—'the tools, the broken tools that tyrants cast away'—personify the dilemma facing the Kremlin not only in Poland, but in every one of the countries now under its control.

H. D.

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The Chairman and Council and the members of the Royal Institute of International Affairs record their profound grief at the death, on Wednesday 6 February 1952, of their beloved Sovereign, King George the Sixth

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Notes of the Month

The Saar and Franco-German Relations

THE appointment on 27 January 1952 of M. Grandval, former High Commissioner, as French Ambassador to the Saar Territory has had repercussions on Franco-German relations and consequently on the negotiations for a European defence community. Since the end of the second World War the Saar has formed part of the French Zone of Occupation. During the period of the French Revolution the Saar was annexed by the French; under the Peace of Paris in 1814 they retained the greater part of the coal-mining area and the towns of Saar-Louis and Saarbrücken, but the whole area was ceded to Prussia by the Congress of Vienna. Under the Treaty of Versailles the French once again obtained the Saar coal mines, and Germany renounced in favour of the League of Nations, in the capacity of a Trustee, the government of the Territory. Provision was made for a plebiscite after fifteen years to decide on the Territory's future; this took place on 15 January 1935 and resulted in a 90 per cent vote for reunion with Germany. Since 1945 it has been clear that the French were aiming at the creation of a politically independent Saar Territory. At the Moscow Conference in March and April 1947 they agreed to the economic unification of the three Western zones and an alteration in the level

of German industry only on condition of the immediate integration of the Saar within the French customs and financial union. This was accepted by the other two Western Powers, in the words of the British Foreign Secretary in the House of Commons on 11 June 1947, 'subject always to decisions to be taken at the final peace settlement'.

During the discussions on the Schuman Treaty last spring, the German Federal Chancellor and the French Foreign Minister exchanged letters on 18 April 1951 in which they agreed that the political status of the Saar would be determined in the peace treaty and an assurance was given by both that this decision would not be prejudiced in advance by action of any kind. On 29 May 1951, however, the German Government sent a Note to the Allied High Commissioners complaining of French action in the Saar. In a speech to the Bundestag, Dr Adenauer referred to the banning of the German Saar Democratic Party and the alleged refusal to allow members of the Federal Government to enter the Territory. But while maintaining that nothing should be done to prejudice a settlement of its status in the peace treaty, he said that he would not allow the problem to interfere in West European integration and the maintenance of good relations with France. However, the appointment of M. Grandval in the following January led to a statement by the Federal German Cabinet citing this action, together with French efforts to secure the lease of the Warndt coal mine in the Territory and the signing of a social insurance agreement between the Saar and France, as evidence that the French Government was disregarding its earlier pledges. Dr Adenauer told the Bundesrat on 1 February that the faith of many Germans in French goodwill had been rudely shaken, and quoted the *Saarbrücken Zeitung* as having described the appointment of a French Ambassador as 'the beginning of the creation of a new State'.

During the debate in the Bundestag on the European Army a week later, the parties forming Dr Adenauer's coalition Government introduced *inter alia* resolutions declaring that the settlement of the Saar question in the peace treaty was being prejudiced by unilateral action, and rejecting the French claim to economic rights in the Saar as unnecessary in view of the existence of the Schuman Plan. The French Government have said that there would be no French statement on the Saar because they had nothing to add. M. Grandval, on the other hand, presumably expressed the official French view when in a press interview at Saarbrücken on 8

February he stated that he was in favour of all solutions of the problem which took full account of the economic and monetary union with France and of the political autonomy of the Saar.

Election Year in the United States

THE election at which the next President of the United States will be chosen will not be held until 4 November, and it is over four months until the conventions in Chicago at which the Republicans and the Democrats will nominate their candidates. But already American politics and newspapers are dominated by the coming election. In sixteen states the voters will have a chance to express their opinions on candidates for their party's nomination in primary elections which take place before the conventions. The first of these comes on 11 March in New Hampshire, a tiny state, but one to which all eyes are turned at present, because the leading contenders for the nomination in both parties have entered its primaries. It was in connection with the New Hampshire primary, in which his name had been entered without his consent, that General Eisenhower announced that he was a Republican and recognized the right of Senator Lodge and his other friends to organize an attempt to induce the nominating convention to give him a clear-cut call to political duty. But until then General Eisenhower insisted that he would devote himself to his responsibilities in Europe and would not participate in any campaign.

The Republican organization in New Hampshire supports the General, but his chief rival, Senator Taft, has also entered the primary there. Most of the Republican party's officials favour Mr Taft, but many doubt whether he would be the winning candidate that the party must have after twenty years in opposition. General Eisenhower's supporters never cease to point out that the independent voters prefer him, and that the Republican party depends on the independent vote for victory, since there are far more registered Democrats in the country than there are Republicans.

Senator Taft has been stumping the country for months, getting into personal touch with voters, to whom he promises economy in government, and with delegates to the Republican convention, to whom he promises federal patronage—if he is elected. He is thus building up for himself a solid core of support at the convention which the Eisenhower managers fear will guarantee him the nomination, if the General does not soon return to campaign on

his own behalf, and to tell the country where he stands on questions other than the North Atlantic Treaty Organization. A deadlock at the Republican convention, between the General and the Senator, is a distinct possibility. That is what Mr Harold Stassen, who has also entered the New Hampshire primary, Governor Warren of California, and the MacArthur faction (the General himself has disavowed presidential ambitions) are all waiting for, in the hope of providing a compromise candidate.

The more likely it seems that the Democrats will be beaten this year, the more likely it is that the Republican machine will be able to force Senator Taft on his party. The Democratic chances have been deteriorating, largely because of the revelations in Congress of corruption and inefficiency in various branches of the government. These revelations began with Senator Kefauver's inquiry into gambling syndicates, and it is not surprising that to many Democrats, and to himself, it now seems a good idea that he should defend their party next November. But he is disliked both by the President and the bosses of the Democratic machines in the big cities.

It is with the intention of squashing Senator Kefauver's hopes of the Democratic nomination, by piling up a huge majority for himself, that Mr Truman has entered the New Hampshire Democratic primary. The President can always be sure of his party's nomination if he wants it, without taking the trouble to enter any primary. But so far Mr Truman has refused to say whether he does want the nomination again. He would certainly like to retire after nearly eight years in office, but he will probably not do so unless he can be sure that the Democratic nominee will be someone who can be trusted to continue his policy both at home and abroad. It is thought that Mr Truman would be ready to hand over to Governor Adlai Stevenson of Illinois, a liberal and an internationalist, or perhaps to Senator Kerr of Oklahoma. However, if the Republicans choose Senator Taft as their candidate, Mr Truman is likely to decide that it is his duty to run himself, in order to save his foreign policy from Mr Taft's isolationist clutches. At the moment there are few who doubt that Mr Truman could beat Mr Taft; whether he could beat General Eisenhower is quite another matter.

The Sixth Assembly of the United Nations

of the most useful functions of the United Nations General nbly is to reflect accurately the trends and changes in the cal and economic climate of the world. In judging its work nfluence it is therefore important to remember the diversity onflict of interest represented by its sixty Members, and the nse scope and complexity of the subject matter before it. ed in this perspective, the Assembly's achievements and per- ınce may appear less discouraging than many of its day-to-day s often suggest.

e influences which condition the work of the Assembly have d since 1948, when it last met in Paris, and it may be said f some hopes have died since that session, some of the fears ı beset it have also begun to vanish. Above all, with the calling e Communist bluff in Korea, the emergence of the North tic Treaty Organization, and the rearmament of the Western l, the balance in the East-West struggle has become more and, it is to be hoped, more stable. With this change the an dreams of the early years of the United Nations have given to the more realistic view that a stable world order can only ge gradually from practical and limited agreements based on rial strength. If this is a more cynical point of view it is also ess liable to sudden disillustion. This realistic mood has been orced by the United Nations' successful opposition to aggres- n Korea, and by the fact that this action has remained limited s now the subject of armistice negotiations.

s in this spirit that the Western countries are now attempting, e words of Mr Eden, 'to grasp definite and limited problems oth the political and economic fronts and work for their ical solution'. In putting forward constructive and intelligible osals of limited range, they have been able to take the initiative e Assembly on nearly all the main political items; this was far asy for them when it was fashionable to make general declara- on broad political topics, at which Marxist States excel. Such ical proposals have tended to show up these well-worn alities which in previous years have passed for initiatives, and, from their individual merits, they unquestionably provide est method of revealing the gulf between Soviet practice and

propaganda—between real Soviet policy and what Mr Acheso called 'the artificially created mass movement built around slogan of peace'.

It was perhaps largely due to this practical approach by th Western countries that the Assembly, in spite of the strident ton of its opening speeches, did not in fact reach the vituperative stal mate at which, starting from high-flown general declarations, it ha sometimes arrived in the past. Despite the inevitable quota diatribe, quotation, and courtroom jokes which have come to b expected from Mr Vyshinsky, the debates on disarmament, col lective security, and other general political topics tended to remai on a relatively high and constructive level, being based firmly o practical proposals which were easy to understand and which wer susceptible of amendment and comment by all reasonable Mem bers. There can be no doubt that credit for this improvement wa also due to Mr Eden's early appeal for decorum and decency in th proceedings of the Assembly. This appeal was warmly welcome by the vast majority of the Members, and an example was se throughout the session by the United Kingdom Minister of State Mr Selwyn Lloyd, and his colleagues, whose interventions wer marked by firmness, temperance, and clarity.

The Assembly has always been a barometer of the rising aspira tions and increasing sensibilities of the peoples of Asia and th Middle East, and in this session the new stage in the throwing-of by the Arab world of Western influence was everywhere evident The situations in Iran, Egypt, Tunisia, and Morocco, though no on the agenda, were constantly invoked and added fuel to th long-smouldering feud over Palestine, still so painfully remembere in the unsolved problem of the Arab refugees. A fair sample of th Asian state of mind was also given to both sides by the Burmes delegate when he said that his Government was as distrustful o adventures on the Burmese border by the Chinese Nationalists a by the Communists.

The Arab delegations, with the tacit support of most Asia countries and with much sympathy from Latin America, hav become one of the most influential groups in the Assembly. Th widening of the gulf between the Arab States and the Wester countries has also given an added importance to the role of th countries of Latin America in the Assembly's proceedings, for th Latin and Arab blocs allied are a decisive voting force. This situa tion has been tempered by the sympathy of Latin America

countries for France and by the fact that the Russians, showing a shrewd appreciation of the waywardness of Arab nationalism, have so far resisted the temptation to fish openly in the troubled waters of the Middle East, preferring perhaps to concentrate on larger and less ticklish prizes in South-East Asia.

While little change could be discerned in the Soviet attitude to the business of the Assembly, it seemed to many people that the interminable attacks on the 'Anglo-American bloc', the 'aggressive, imperialistic Powers', and the 'preparations for a new war' were tinged with a more genuine fear, either of internal or of external conditions, than before. On the other hand, if the Soviet Government was looking for a reasonable *modus vivendi* with the rest of the world it might take hope from the increasing independence of 'midway' world opinion, which showed itself ready on occasion, as in the issue of defining aggression or on the admission of new Members, to incline as much to the Russian as to the Western position. But such open-mindedness was not encouraged by displays such as Mr Vyshinsky's mirth at the Western disarmament proposals, and his later interventions showed that at least this lesson had not escaped the Soviet Government.

The early days of the session were enlivened by the effort to introduce into the agenda an item arraigning France for violation of human rights in Morocco, its inscription being finally postponed by a narrow vote of 28 to 23 with 7 abstentions. This postponement was largely the result of a defection to the colonial side of a majority of the Latin American delegations, a defection perhaps partly due to the obvious demerits of premature independence as demonstrated in Libya, and partly to the French argument that their record in Morocco compared favourably with that of Arab Governments in their own countries.

In the elections to the Security Council, the election of Greece in the place of Yugoslavia, over the claims of Byelorussia as representing the Eastern bloc, merely confirmed the 1949 rejection of the 'gentleman's agreement' of San Francisco whereby the Soviet Union was to have two representatives for its point of view in the Security Council.

The first main item to be tackled by the General Assembly was the question of disarmament. The three-power declaration of France, the United Kingdom, and the United States on the regulation, limitation, and balanced reduction of all armed forces and all, including atomic, armaments began by making it clear that, in the

prevailing conditions of international tension, there could at present be no question of halting the development of plans for the defence of the free world. It also made it plain that there could be no practical progress towards disarmament while the United Nations was resisting aggression in Korea and while the outstanding political differences of the great Powers remained unsolved. The declaration then outlined practical steps by which the regulation of armaments might eventually be achieved. These steps consisted of successive and continuing disclosure of all armaments, checked by international verification and inspection, and a system of control under agreed criteria as to the size and nature of national armed forces; as to atomic energy, the U.N. plan for international control should remain the basis until a better one was devised.

As a realistic approach to the problem of disarmament, these proposals compare favourably with Mr Vyshinsky's own magic formulae, the one-third cut in the armies of the great Powers (1948), the Five-Power Peace Pact (1949), or the designation as a war criminal of the first nation to use the atomic bomb (1950). The Soviet 1951 eight-point peace programme contains all these old points, and, in addition, three new ones: the incompatibility of participation in N.A.T.O. with membership in the United Nations, the withdrawal of troops from Korea within three months, and a world disarmament conference by June 1952. To these Mr Vyshinsky later added the unconditional prohibition of atomic weapons under an international convention and the submission of data on the position of armaments and armed forces, including atomic armament and military bases. The Western plan of proceeding by slow practical steps instead of by these Olympian bounds has in fact been largely necessitated by the effective impossibility of estimating Soviet strength from the outside, combined with the lack of any evidence of Soviet disarmament since the war. Thus inspection and verification must be the key to the 1952 disarmament problem.

The various proposals on disarmament were ultimately discussed privately in a sub-committee of the four great Powers under the chairmanship of the President of the General Assembly. This method has the advantage that, in providing no opportunity for propaganda speeches, it confines the energies of the delegates to a consideration of the merits of the case in hand. The sub-committee did in fact clear away much of the propaganda rubbish surrounding the disarmament question and thereby revealed more clearly than

before the areas both of agreement and disagreement. The main agreement was on a new unified commission to deal with all types of armaments and armed forces, and on the need for an international control organ for all armed forces and armaments, including paramilitary forces. Only time can show whether the functions of such an organ can be agreed, and here the real difficulty lies, for it is on the acceptability of the control system that the success of any future disarmament machinery must rest.

There remained three fundamental points of disagreement. First, the Soviet proposal for the unconditional prohibition of the atomic bomb and the simultaneous institution of strict international control on atomic weapons, and their rejection of the tripartite conception of stages of disarmament; this rejection was slightly modified after the close of the discussion on disarmament by two points of Mr Vyshinsky's own eight-point peace plan in which he agreed that abolition of atomic weapons could be put into effect 'when the whole system of international control will have been placed in operation', and that the process of inspection should be continuous rather than periodic. Secondly, the Soviet Union during the debates persisted in the separation of atomic weapons, the key weapon of the West, from conventional armaments, the key weapon of the East, but Soviet acceptance of membership in the new unified commission may indicate some advance on this point also. Thirdly, the Western countries did not agree to the Soviet proposal of a one-third reduction in total armed forces on the grounds that such a reduction would be arbitrary and, in the case of the Soviet Union, from an unknown basic figure; indeed it could only have the effect of maintaining Soviet supremacy in conventional armaments at the same or even a higher level than before.

The final disarmament resolution, adopted by 42 votes to 5 (the Soviet bloc) with the Arab States abstaining, set up a twelve-member disarmament commission for the reduction and regulation of conventional armaments and the ultimate prohibition of atomic weapons. This commission is to prepare a draft treaty on the basis of the Western proposals for consideration by a world conference, and to plan the control organ which will implement such a treaty. This commission at least has a better prospect of making progress than its twin predecessors, the Atomic Energy Commission and the Conventional Armaments Commission, both of which had long since reached deadlock; and the areas of agreement upon which it now has to work are larger than had been expected and may, over

a period of time, provide room for negotiation and adjustment.

The second important general political subject dealt with by the Assembly was collective security, which was discussed on the basis of the report of the Collective Measures Committee set up under the 'Uniting for Peace' resolution of 1950. This report is in effect a blueprint for the action that might be taken by the United Nations in the political, economic, and military spheres in the event of future aggression. The plan was interpreted by the Western countries as a necessary and logical complement to disarmament, on the grounds that the more effectively United Nations Members are organized to maintain international peace and security the less likelihood there is of world peace being challenged. The Soviet bloc, on the other hand, regarded the plan as the machinations of an 'illegal' committee for the preparation of a new war by the Anglo-American bloc. In between these two camps, the Arab, Asian, and certain of the smaller Latin American countries originally regarded the plan with some misgivings as unduly emphasizing the enforcement rather than the co-operative function of the United Nations, and as tending to involve them in the quarrels of the great Powers in a way that might prove prejudicial to their own security. It is a tribute to the moderation and soundness of the case for collective measures that, among these countries, only India, Argentina, and Indonesia abstained in the final vote on a resolution which took note of the report and recommended Member States to take the steps necessary (including the earmarking of armed forces) for them to participate in a United Nations collective action in the future.

In the context of possible measures to meet aggression, the discussions in the Assembly's Legal Committee on the definition of aggression are of some interest. The Soviet Union's new definition, after outlining orthodox forms of aggression, goes on to deal with the maintaining of troops and bases abroad without permission, and to various situations which should not justify aggression, such as the violation of trade interests and concessions, or acts against the authorities in colonies and trusteeship territories. These proposals would seem to be designed largely for the purpose of encouraging independent territories and countries in trusteeship relations with other Powers to press for changes in their status. Obviously, such a detailed list of definitions would be endless and would inevitably prejudge as aggressive many acts which might be entirely justified in the event. It is for this reason that

; Western Powers opposed the effort to define aggression, but in a they were over-ruled, and the question will re-appear on the :nda of the Assembly's seventh session.

The debate on collective measures was chosen by Mr Vyshinsky the scene for a diversionary action, in requesting an immediate ;h level meeting of the Security Council to examine the measures be taken to bring to a successful conclusion the negotiations for : ending of the Korean hostilities. While having considerable :rit as a piece of propaganda, this proposal was resisted by the ;jority as being likely merely to confuse the military discussions Panmunjom by dragging them into the arena of high-level .ernational politics. The proposal was therefore amended to ›vide merely that a periodic meeting of the Security Council ›uld be called, whenever the Council might consider it useful, to nsider measures for the removal of the present tension in inter- tional relations. On the Korean issue itself the Assembly decided, er the taunts and protests of the Soviet delegates, to postpone y discussion pending the outcome of the truce talks and to thorize the Secretary-General to call a special session in New rk on the conclusion of an armistice or if any other develop- :nts in Korea should make such a session desirable.

Although the Assembly voted down the Soviet eight-point peace m, another Soviet complaint against the United States, despite rejection by the Assembly, succeeded in making many of the ›re moderate Members extremely uneasy and in producing the ›st violent exchanges and accusations of the session. This was : Soviet complaint against the appropriation under the U.S. utual Security Act of $100 million for the recruitment of persons iide and outside the Iron Curtain to fight for the cause of the lantic community. The accusation of interference in the internal airs of other States was countered by the United States with the planation that this singularly infelicitous amendment to the utual Security Act was designed solely to assist refugees who shed to help in the defence of the North Atlantic community.

The only completely new political item was the proposal by the estern Powers to establish an impartial international commission investigate the possibility of carrying out free elections in Ger- my, a move generally interpreted as an effort to strengthen the sition of Dr Adenauer by sponsoring the unity of Germany rough an impartial international body. The Russian refusal to ceive this commission in the Eastern Zone, and the Polish refusal

to serve on it, have, for the time being, made any prospects of success negligible, but at least the discussion may have enlighte those ingenuous persons who previously had any illusions as Soviet motives in Eastern Germany. Among other specific polit items, the Assembly, recognizing the improved situation in Gre disbanded its Balkan Commission and set up instead a Ball Sub-Committee of the Peace Observation Commission to be av able in New York and with authority to despatch observers to area on request. The restraining influence of such internatio observers might be of particular use to Yugoslavia, which p sented to the Assembly a long and well-documented indictmen her Balkan neighbours' activities on her borders.

The Assembly also recommended that Libya, whose new a according to some, premature independence has helped to infla nationalistic feeling in French North Africa, should be admittec membership of the United Nations, and it set up a special finan account to receive all contributions towards Libya's developme

The debates on Palestine fully revealed the growing influe and astuteness of the Arab delegations. In committee the West Powers were reduced to the paradoxical position of voting with Soviet bloc and Israel against their own resolution for a settlem of the Palestine problem, which had become, through skilful A amendments, not only a vote of no confidence in the Conciliat Commission but also a reminder that three old decisions of General Assembly—on the partition of Palestine into Arab as w as Jewish areas, on the internationalization of Jerusalem, and on re-admission of Palestine refugees to their former homes—had be ignored or forgotten. In this the Arab States showed for the fi time real skill in taking advantage of the feeling of many Memb that the United Nations handling of the Palestine situation l been too much influenced by American, and even British, supp of Israel. Finally, through conciliatory Canadian amendments t plenary meeting was able to agree, with the sole abstention Iraq and the opposition of the Soviet bloc, to the continuation the Conciliation Commission in the Middle East rather than New York, and to an appeal to the Governments concerned settle their disagreements in accordance with the decisions of t General Assembly—an appeal which, in the light of the curre diplomatic situation in the area, has a somewhat desperate ring.

A more hopeful approach to the political problems of the Mid East was the Assembly's bold effort to liquidate the issue of t

estine refugees, which still bedevils all efforts at political settle-
nt. It adopted a $200 million economic development plan, to
supported by voluntary contribution, designed to restore the
ugees to a normal working life and to make them self-supporting
hin three years, $50 million being allotted for relief in the mean-
ile. This plan is designed to take a central place in the pro-
mmes of Governments and international organizations for the
relopment of the Middle East, one of its main objects being the
relopment of agriculture and communications in Northern
ria and Iraq, where land and water are available for refugee
ettlement. The bad initial reception given to the plan by the
ıb States provided a timely reminder of the new dangers of
ufficient consultation with Arab Governments, but in its final
m it can only be welcomed as an effort to substitute something
manent and dynamic for the inevitable demoralization of mere
ief.

The deadlock over new Members again continued to prevent the
adening of the basis of the United Nations. Nevertheless, a
wing feeling was evident that this deadlock can only be broken
ng the lines of the Soviet proposal for the admission *en bloc* of
fourteen applicants, including the five Soviet candidates. This
thod was originally suggested in 1946 by the United States,
o now violently oppose it as a 'horse trade', more especially since
current Soviet list excludes the Republic of Korea. The
ruvian proposal, which sought to strengthen the legal position,
propounded by the International Court of Justice, by giving
ndidates the right to present evidence that they are peace-loving
tes, did not really reach the basic problem, which is one of
wer politics. In abstaining on the Soviet proposals the United
ngdom and French delegations were perhaps bowing to this
palatable reality without yet quite accepting it. In the event, the
sembly's rejection of the Soviet proposal, and its adoption by
votes to 8, with 8 abstentions, of a resolution asking the Security
uncil to reconsider the candidates purely on the basis of the
nditions contained in the Charter, failed through the Soviet
o to produce any positive recommendations.

The equally important but less spectacular side of the Assembly's
rk must inevitably be over-shadowed by the political items and
n only be dealt with briefly here. On the main economic topic,
development of under-developed countries, the Assembly
proved plans that would place the United Nations programme

of technical assistance on a continuing basis, calling for fund
1952 of at least $20 million, nearly all of which has already b
voluntarily subscribed. It also called on the Economic and So
Council to submit a detailed plan for a special fund for grants-
aid and for low-interest long-term loans to backward countrie
plan proposed by some of these same countries who are impati
with the conservative lending policies of the International Ba
The Assembly also adopted a resolution encouraging land refo
in backward countries. These three resolutions well illustrate
attitudes of the various groups of countries towards econo
development. The under-developed countries feel that they hav
right to assistance from more fortunate ones; many of the m
advanced countries, on the other hand, comparing the weight
their own taxation with that of backward countries, feel that
latter should start by redistributing their national incomes a
making administrative and social reforms rather than by call
for help from outside; while the United States, which is the m
provider, shows a remarkable willingness to help, albeit on a m
modest scale than many of the under-developed countries wo
wish. It is notable that on economic subjects the Soviet b
displays a far less angular attitude than on political subjects.

In the field of trusteeship and non-self-governing territories t
most spectacular event was the South African delegation's wa
out from the Assembly, on the issue of the hearing of chiefs fr
South-West Africa and the activities of the Reverend Mich
Scott as their authorized representative. The Union of Sou
Africa was again criticized for its refusal to agree to trusteesh
status for the former German territory of South-West Africa, a
a three-member group was appointed to help the Union, Ind
and Pakistan settle their dispute over the treatment of Indians
South Africa. The reports of the Trusteeship Council and of t
special committee on information from non-self-governing ter
tories were dealt with at some length and included such items
the abolition of corporal punishment in trusteeship and non-se
governing territories, rural economic development, and the que
tion of administrative unions affecting trust territories. The usu
campaign against the colonial Powers was dramatized at th
session by the French delegation's walking-out in protest agai
the committee's claim to the right to discuss political as well
economic and social progress in colonial territories.

The Assembly's Social Committee suffered much from t

raordinary loquacity of its Arab members and from the diver-
ns to which abstract subjects are susceptible, and failed to deal
any detail with its main item, human rights, merely directing
it two separate covenants be prepared, one on political rights
d the other on economic, social, and cultural rights. It also
alt with the report of the High Commissioner for Refugees on
: 1,500,000 persons who look to him for legal protection,
thorized him to launch an appeal for funds for the care and
intenance of the most needy cases, and emphasized the import-
ce of migration as the principal solution to the refugee problem.
It is the general feeling that three months is too long for a session
the General Assembly, and efforts are to be made to find
thods of getting through the very heavy agenda in a shorter
riod in future. There is, for example, no doubt that the pro-
edings could be more businesslike if delegates were compelled
stick more closely to the matter in hand and the chairman had
eater powers in enforcing the rules of procedure.
But if the Assembly's performance has not the clear-cut execu-
e quality, to which the public became accustomed in the war
ars, surely it has something more lasting and more appropriate,
mely, the capacity to encompass an infinite series of incompati-
ities, disagreements, and differences of interest, and, at its best,
produce out of them agreed, if modest, solutions. Indeed, for
oody which is often described as a 'talking shop' and whose
wers are purely recommendatory, it is remarkable how many of
decisions are now beginning to bear fruit in the form of practical
ults. Moreover, quite apart from its actual recommendations,
: bringing to close quarters every year of the politicians and
icials of sixty countries to discuss a wide range of subjects in the
ntext of world political and economic relationships represents an
vestment of incalculable value in international understanding for
: future.
Perhaps this investment is already beginning to pay a dividend,
' the Assembly now has less of the critical, emergency air of
evious sessions and more of the atmosphere of an organization
iose regular business is to deal with difficult and even critical
oblems. If this atmosphere can triumph over fear, suspicion,
d sensationalism, the true aims of the United Nations may
gin slowly to be realized.

E. B.

Progress in Italian Land Reform

THE Italian land reform, launched in 1950, has now had time under way, and will soon be standing trial at the adminis elections to be held in Southern Italy this spring. The reform, merits have been widely argued throughout the country, is a of burning local interest in the Southern regions, which it concerns, and will inevitably affect electoral issues there moment therefore seems opportune for a progress report.

An outline of the land reform legislation and its programm financing has been given in an earlier issue of this review,[1] s a brief summary is needed here. The reform was originally pl to apply throughout the country, and a draft law for this But it was soon realized that, given the very great regional ences of geographical conditions and of social and eco development, planning the details of a nation-wide reform delay action in the regions where it was most urgently need certain districts, chiefly in the South, were chosen to m beginning, and separate laws governing the reform there passed in 1950. Subsequent experience suggests that, giv extreme delicacy of such reform operations in relation country's agricultural economy as a whole, and also the expense involved, it may be thought advisable to concentr the regions where the reform is vitally needed and do th thoroughly there, rather than to extend operations more w This would be in consonance with the spirit in which the r has been conceived. For, unlike the drastic policies of the E ...ean countries, this Italian reform is being carried ou predominantly Christian Democrat Government whose f mental aim is not a revolutionary upheaval of the whole ex order, but rather the provision of a wider and more stable both in social conditions and in agriculture.

The Sila region of Calabria was chosen for the first experi and the relevant law was passed in May 1950. The other areas selected were also in Southern Italy, in parts of A Lucania, and Molise; the so-called 'stralcio' law,[2] pass October 1950, which governs the reform in these regions, a also to certain other parts of Italy—to the Tuscan Maremm the Fucino basin; the Po Delta; parts of Campania near the

[1] See 'Land Reform in Italy', in *The World Today*, September 1950.
[2] Or 'partial' law, signifying a part taken out of the general reform.

turno and Sele rivers; and Sardinia. Though their geographical conditions differ considerably, these regions have certain characteristics in common, if in varying degrees. They are all predominantly agricultural areas, which include vast stretches of land given up to extensive cultivation;[1] much of the land is owned by a few big landlords; and the main form of work for the local population is agricultural day-labouring, with all its attendant problems of unemployment, poverty, and social pressure.

The need for reform in regions such as these is twofold—both social and agricultural. The peasants depend for their livelihood on day-labouring on the big estates, which may provide them with perhaps 100 days' work in the year, paid at the rate of 100 lire (about 1s. 2d.) an hour. They usually live far from their place of work and must make a daily journey of up to as much as seven or eight miles to the fields, so that their actual working day may be only four or five hours. They supplement their wages by renting small plots of land as and where they can, often at exorbitant terms and with uncertain tenure. Their large families—for birth control is not thought of in these regions—live crowded together sometimes as many as ten or twelve in a single room, without adequate light, drainage, or water facilities. In the past malarial conditions on the coast and fear of attack from pirates caused them to congregate in big inland or hilltop villages. Nowadays the original reasons for this way of living no longer exist; but water is often unobtainable in the open countryside, and that, and the system of renting perhaps two or three different small plots of land in different directions beyond the village, keeps the peasants tied to these swollen living centres—almost towns in size, but so p[illegible]e and lacking in urban am[illegible] as to make the term seem a contradiction.

Agriculture in the typical *latifondi* regions of the South consists mainly of extensive wheat cultivation. Livestock is poor and scarce, and the average absentee landowners, lacking interest in modern methods of farming and traditionally unwilling to undertake schemes involving capital expenditure, have made little attempt to improve their land. They live on the yields from their crops, and from the rents for the plots of land which peasant pressure and the inadequacy of their own farming methods have compelled them to lease to an ever-increasing extent.

[1] 'Extensive' cultivation is here used in the technical sense of a large area of land with a proportionately low yield, as opposed to 'intensive' cultivation, where the proportion of production is high in relation to the area cultivated.

The conditions just described are to be found in their most form in Calabria; and as Professor Rossi-Doria, one of the protagonists of land reform, has said, the reform had to be Calabria because 'the times were ripe' for it.

What has so far happened there to meet these needs? rhythm of land reform, once the necessary legislation is pa will be broadly the same in all the regions where it is applied is worth while explaining in some detail what the procedur been in the Calabrian Sila. Once the particular law conce this region was passed, in May 1950, the technicians of the reform organization (known as the 'Ente Sila') had withi months—the time-limit fixed by the law—to work out how land was to be expropriated, against suitable compens from each owner of property 'susceptible of improvement' v total holdings, both in the Sila region and elsewhere, exc 300 hectares. This first step was accomplished within the time—to a large extent, probably, because the Ente Sila had set up, in anticipation of the reform, in December 1947, an therefore had time thoroughly to familiarize itself with the h complicated problems involved. These necessarily include tailed research into the types of soil, climatic conditions, etc., a as into local land tenure via the maze of the frequently out-of cadastral registers. The total amount decided on for expro tion was 76,000 hectares. Announcements of the propose propriations are posted up in each commune affected, an peasant can then put in his request for land, the only qualific needed being that he must be solely dependent on agricultu his livelihood. This is a very necessary provision, as in few munes is there enough land available to satisfy all those who wa

In due course the expropriations are approved by Ca decrees, and the distribution of the land to the peasants can take place. The commune chosen for the first experiment i Sila was Santa Severina, a typical hill-top village some 1,00 above sea-level in the barren, indented country between Giovanni in Fiore and Crotone. Here, on 24 September 195 first allocation ceremony, typical of many that were to follow, place. The land expropriated amounted to 1,600 ha., and peasant families had made requests for plots. The average si each plot was thus some 4 ha., or 9¾ acres. Allocation is always by lot, as this has been decided to be the fairest method. Th are drawn by a child and, in the presence of the head of the re

organization and some prominent official from Rome—perhaps the Minister of Agriculture—and also of a notary public to witness the contract, the peasant receives the title-deeds for his plot of land. He pays for it in annual instalments of about £10 a year for thirty years, after which it becomes his own.

The peasant can now get to work on the land, with the aid of advice from the reform's technicians. He also obtains advances in seed and fertilizers from the reform organization. Frequently the expropriated land is in very poor condition from past neglect, and in such cases the reform organization pays the peasants for their work in helping to clear and prepare it. Tractors made their first appearance in these remote Calabrian regions, which had till then frequently known nothing but the wooden plough; and the technicians found that the psychological effect of these huge machines, bulldozing and clearing intractable land and turning up the good soil beneath, went further than anything else towards convincing the peasants that the reform meant business. It is planned to set up several large farms, under the guidance of technicians, to serve as centres for the tractors and for the distribution of seed and fertilizers. Further distributions of land took place in the Sila during 1951, and by the end of the year about half the land available had been allocated, while all the expropriation decrees for this region had obtained Cabinet approval.

It is also planned to start new farm settlements on the Sila mountain plateau, hitherto used mainly for [illegible]e only, because the peasants believed it impossible to winter there, where the snow sometimes lies for several weeks together. But people living up there all the year round in the Ente Sila's experimental station have come to the conclusion that it should be possible to settle peasants permanently on the plateau in new village communities with churches, schools, shops, and houses such as will stand up to the Calabrian winter. Much of the land is suitable for settlement and cultivation, and some 12,000 ha. has been expropriated and taken over by the Ente Sila, which plans to establish some 1,000 small peasant farms of about 8 ha. each, together with six large farms on modern lines to serve as organizing centres.

The reform is less advanced in Apulia, Lucania, and Molise. Here, though all expropriations had been worked out by the end of last year, only a small amount of land has so far been distributed. But a beginning has already been made with the establishment of tractor and mechanized farming centres in remote and hitherto

uninhabited parts round which new villages are to be for bring the peasants nearer the land and relieve congestion swollen townships. It is intended that the expropriated amounting in this region to some 160,000 ha., should p between 30,000 and 40,000 small holdings of 4–5 ha. ea enough to give land to most of the agricultural unemployed region. Among the other parts of Italy to which the 'stralc applies, the first allocations were made last December Maremma and the Fucino. Application of the reform is bei layed at present in the Po Delta region owing to the gener organization of agriculture there after last autumn's serious

OPPOSITION TO THE REFORM

It would be idle to suppose that reforms so far-reaching, i ing, in the regions they affect, a total reversal of tradition quasi-feudal social relationships, should not meet with oppo They have, in fact, been attacked from both Right and Le

To take first the Communist opposition. This is, of cou least officially, based in part on technical grounds. The munists maintain that the reform could have been tackle much more drastic way, through more rigorous expropri wider investment policy, and increased agrarian credits interest. They also maintain that the existing Communist-ized co-operatives are qualified to take over and run the priated lands themselves; whereas the reform technicians, attaching great importance to the part to be played by co-ope in the future, consider that the majority of the existing co-ope lack organization and technical qualifications—having been most past formed *ad hoc* for the simple purpose of arbi occupying land—and that it will be necessary to form ne operatives in close association with the reform technicians' ance. Other objections are that the peasants' plots are inade that they are given poor land, and that the reform technicia biassed or make unfair use of their authority.

The non-technical and tacit reasons for the Comm criticism are perhaps the more cogent. Their propaganda sir war has paid a good deal of attention to the 'depressed area' South. In so doing, they have, quite justifiably, pointed t Governmental neglect, to primitive conditions unworthy civilized country, and to the innumerable unsolved pro impeding the peasant's struggle for existence; and, give

theoretical background of their own doctrine, they have not failed to stress the 'evils' inherent in extensive landed property-owning. This propaganda, coupled with greater facilities for contact with the outer world through the cinema, the radio, and better means of communication, has made the peasant increasingly aware that his lot is not the normal one; and, in the state of dissatisfaction thus engendered, he may be prepared to listen to, and vote for, anyone who urges him to revolt and promises a better future. But if the Government, through the fulfilment of land reform, as well as by carrying out the extensive public works which also form part of its plans for the South, can go some way towards improving conditions for the peasant, then the practical, if not the theoretical, basis of the Communist case falls to the ground.

Opposition from the Right, and from the landowners in particular, was also to be anticipated, and with the announcement at the end of last year of all the expropriations planned under the 'stralcio' law it has become extremely vocal. Briefly, landowners' objections centre round the failure to respect well-run estates which have been consistently developed by their owners, who may have spent considerable sums in upkeep and in introducing modern methods of agriculture. The Sila law, it is contended, did make provision for exempting such properties, by confining expropriations to land 'susceptible of development'; and it also fixed a lower limit of 300 ha. for total property-holding. The 'stralcio' law, on the other hand, provides for no such lower limit; and [illegible] loophole—Art. 10—outlines for exemption properties complying with so many qualifications that, in the landowners' view, estates so 'model' could hardly be found in the whole of Italy.

It was, of course, inevitable that the expropriations should produce an outcry, in a country where landed property is still synonymous with prestige, and where at least a good many of the landowners affected have probably little sympathy with the social aims that have in part inspired the reform. At the same time, the reform must have an economic basis too, and it can hardly hope to achieve success at the expense of throwing parts of the country's agriculture into chaos and frightening away capital. The responsible authorities are already aware of this possibility. The Minister of Agriculture, Signor Fanfani, has in various public statements[1] recently recognized that the speed with which the expropriations were worked out—which seemed essential at the time, to avoid

[1] e.g. in Parliament, and in an article in *Il Popolo*, 2 January 1952.

keeping landowners in suspense—has in some cases resulted mistakes. As long ago as last June Professor Rossi-Doria,[1] wl expressing his firm conviction of the expediency of the reform 'le zone depresse, latifondistiche, estensive', gave it as his opin that it would be dangerous to extend it to other zones; and he p ticularly stressed the inadvisability of splitting up the 'admira organization of the existing estates' in the Po Delta.

The Government's dilemma is, in fact, an awkward one, f like so many problems of an essentially technical nature, t question of land reform has inevitably become a matter of pa politics too. Quite apart from the rights or wrongs of details in t reform's application, there can be no doubt of the need for radı change in the conditions of life in these depressed South(areas; and the Government is committed to bringing ab(such a change, not only through the land reform but also throu the ten-year plan for the South launched in 1950, which inclu(extensive public works schemes for the building or improvement roads, aqueducts, and reservoirs, land reclamation, reafforestati(and so on. These plans are being adhered to in spite of the ri claims of rearmament, allocations for which have increas enormously since the programme was first launched: Signor . Gasperi himself said last July that the land reform was 'a Gover ment undertaking' and must go on, and one of the fruits of l Washington visit last September was a loan from the Internatio Bank to the Cassa per il Mezzogiorno, the organization for t financing of the ten-year plan for the South.

There is, in fact, no question of retreat; but any modificati of the 'stralcio' law in the direction of reducing the amount land expropriated will indubitably be interpreted by the Co munists as retreat. On the other hand, the law as it now stands ru a fair chance of alienating a good deal of landowning support fr(Signor De Gasperi's own Christian Democratic Party. Thus t land reform will play a considerable part in the electoral campaig of all parties for the administrative elections to be held in Ro and the South in May. And with the General Election due in 19! these largely Southern problems assume importance for the wh(country.

All these considerations, whether of technical rights and wron or of political expediency, are a long way off from the Calabri or Lucanian peasant, struggling to make a livelihood from the u

[1] In a lecture to 'La Consulta' in Rome, 8 June 1951.

rding soil. Yet he is, after all, the focal point of the whole
ıess—he, and the yield of the soil on which he works. Now, as
r no previous Government, his lot has become a matter for
ıs public concern and endeavour. 'The times were ripe', and
ıps from small and difficult beginnings an era of greater
›erity may be maturing for the depressed South.

M. K. G.

The West German Coal and Steel Industries since the War

I. ALLIED POLICY

ıe of the most important considerations which influenced
d policy in relation to the German basic industries was the
.ion of dismantling and reparations. There were two main
:tives in view, namely, compensation to the Allied nations for
lestruction, and the reduction of Germany's war potential. The
antling policy was closely bound up with the Allied restric-
on German industry in general and on steel production in
cular. The Potsdam Agreement of 2 August 1945 provided
asis for the dismantling of approximately 1,800 West German
ries and for a crude steel production quota of 4·6 million
In August 1947 the Western Allies adopted a revised plan for
:vel of German industry which aimed at allowing for an in-
'ial capacity about equal to that of 1936. The number of plants
ıble for dismantling was provisionally cut to 858, and the
ıe was to be left with a steel capacity sufficient to produce
million tons a year. Before the currency reform of June 1948
ıtry was in any case not capable of working at anything like
apacity, nor could the imposed production limits be reached
at time. In October 1948 the Humphrey Committee was set
study the Allied dismantling plans in relation to the European
very Programme, and on the basis of its report further relaxa-
were sanctioned in the Washington Agreement of 13 April
: a total annual steel capacity of some 13·7 million tons was
itted, and annual steel production in the three Western zones

of Germany was limited to 11.1 million tons[1]. Six months later th
Petersberg Agreement of 22 November 1949, while restating th
Washington annual steel production ceiling of 11·1 million ton
embodied a final settlement in regard to dismantling according t
which the number of plants affected was further reduced to 66
but substantial parts of some of these 668 plants were also exemp
ed from the dismantling process.[2] According to the annual repo
of the Inter-Allied Reparation Agency for 1949, equipment to th
value of about 102 million Reichsmark (1938 value) was allocate
for removal from the iron and steel industry during the four yea
from 1946 to 1949. Although the steel production ceiling has no
been raised specifically since the Washington Agreement of 194
in 1951 the Germans were allowed to exceed it for export, and t
the extent 'considered necessary for the Western defence effort'.

In addition to the task of implementing the dismantling an
reparation programme, the Western Occupation Powers have als
been concerned with the promotion of reconstruction and som
agreed level of recovery, with the deconcentration and reorgani
zation of the coal and steel industries, and, above all, with th
establishment of effective control over them. For the accomplish
ment of these tasks various measures have been taken.

The first legal basis for the Allied policy of decartelization an
the elimination of 'excessive concentrations of economic powe
was provided by the Potsdam Agreement of August 1945. In th
Western zones this policy extended over the whole field of economi
activity, including the banking system. As far as the basic indus
tries were concerned, the first attempt at reorganization in th
British zone came with 'Operation Severance' (*Konzern Ent
flechtung*). Under this scheme twenty-four iron and steel com
panies[3] were detached from the big industrial combines which ha
previously controlled them. Pending a decision as to their ultimat
ownership, the shares of the new companies were held in trust b
the German Trustee Administration, appointed by the Militar
Government. The new companies received no working capita
from the old parent concerns but were each capitalized a
RM.100,000. It was expected that the right of the new companie

[1] i.e. 10·7 million tons in the Bizone plus 400,000 tons in the French zon
[2] Dismantling operations were concluded by the end of 1950.
[3] Representing some 80 per cent of the West German steel capacity. No
affected by the operation were such firms as the Bochumer Verein für Gu
stahlfabrikation, Deutsche Edelstahlwerke, August Thyssen-Hütte, Reichs
werke, and Maxhütte.

e assets of the old parent concerns would be recognized by
ment, but in fact several of the new companies had to operate
out such an authorization because of the former directors'
al to sign. This reorganization programme for the iron and
industry was put into action between 1947 and the middle of
. There was no equivalent reorganization at that time in the
of coal mining, which, like the steel industry, had operated
r British control since 1945 when the title to the assets of both
stries was vested in the British Commander-in-Chief.

e next step towards reorganization was taken jointly by the
. and U.S. Military Governments with the promulgation on
November 1948 of Law No. 75. This Law represented an
im measure and incorporated three important Allied decisions:
e liquidation of the major Ruhr combines; (2) the grouping of
olliery assets into new companies, separated from the com-
and from the iron and steel companies; (3) in the case of the
and steel industry the Law provided for planning further re-
ization, possibly with the inclusion of iron and coal mines,
ovens, and other industrial undertakings, so as to ensure
mum efficiency and create sound economic units of a size and
capable of competing in world markets. It also established
the ultimate ownership of the Ruhr enterprises should be left
freely-elected representative German Government, with the
iso that excessive concentration of economic power should be
led and that no persons who had furthered the aggressive
ns of the Nazis should be permitted to resume ownership and
ol. It should be noted that the original plan envisaged a
lete separation of the coal and steel industries.

e iron and steel industry of the Ruhr had been the responsi-
of the North German Iron and Steel Control since August
. In November 1948, following the economic fusion of the
sh and American zones, this became the Bipartite Control
p, and later, in advance of full trizonal fusion, the French
d to participate. In April 1949 the tripartite Combined Steel
p took over the implementation of Law No. 75 and set up the
nan Steel Trustee Association (*Stahltreuhändervereinigung*).[1]
German Steel Trustees held their first meeting in September
. They were charged with preparing a draft plan for the further
anization of the iron and steel industry. The shares of the
ing steel-producing companies (formed under the scheme

[1] he earlier equivalent German agency was the so-called *Treuhändverwaltung*.

'Operation Severance'), together with the title to the assets ope
ated by these companies, were transferred to the Steel Trustee

In the case of the coal mining industry, the North German Co
Control handed over to the U.S.–U.K. Coal Control Group
November 1947, and simultaneously the German Coal Min
Administration (DKBL) was established in Essen to take ove
under Allied supervision, the executive responsibility for co
production and management. Finally, the Combined Coal Contr
Group, with French participation, was formed early in 1949, an
in the same year the DKBL was entrusted with preparing plans i
accordance with Law No. 75 for the reorganization of the coal in
dustry. Under this Law the old mining companies were to b
liquidated and such assets as were necessary for the formation
the new companies were to be held in trust for the original owne
by nominees of various German public bodies, to be appointed b
the Allied authorities. After the Federal Republic came into bein
Law No. 75 was superseded by Law No. 27, which was promu
gated on 17 March 1950 and extended to the French zone
occupation. Although some adjustments were made, the new La
was in the main a restatement of the earlier one.

German criticism of these Allied reorganization plans spran
mainly from resentment over Allied 'interference'. The breaking
up of 'excessive concentration of economic power' was resisted b
the Germans, and the extent to which steel companies should b
allowed to own coal mines became the central issue. Anothe
crucial point of difference was that of ownership. The Germa
industrialists held the view that owners of the liquidated combine
should be entitled to holdings in the new companies by way
compensation. The Allies eventually agreed, but insisted on re
taining control over the distribution of the shares and thus reserve
the right to determine who should be allowed to take advantage
this concession. It was officially stated that this decision did no
prejudice the legal right of the Federal Legislature to determine th
eventual ownership of the industries.

The German trade unions, on the other hand, were in favou
of 'co-determination'—which they achieved—and public owne
ship, which was rejected by the Allies on the grounds that this wa
a question for the German Government to decide. The trad
unions and the employers are in agreement over another poi
of dispute. This concerns the breaking up of the central sale
organization of the German coal industry (*Deutscher Kohlenverkau*

r DKV) into a number of smaller organizations, with freedom of participation for both sellers and buyers. The liquidation of the DKV is called for both under the Allied policy of deconcentration and under the Schuman Plan, and was to have been put into effect by stages from 1 October 1951 onwards. However, after much discussion the High Commission eventually agreed last October that the DKV need not be dissolved by stages but should cease to function only when the new machinery for selling coal is installed. Compromise proposals announced at the end of January 1952 suggest far-reaching concessions to the German point of view.

From the summer of 1949 onwards, when the first active steps were taken towards formulating a final reorganization plan, discussions and negotiations dragged on without reaching a decision. The advent of the Schuman Plan speeded up proceedings to some extent, and in the autumn of 1950 the DKBL finally submitted a draft plan, which was later followed by a plan from the Steel Trustees. It was at this stage that the Federal Government entered the negotiations; until then it had never been directly consulted, on the ground that it should not be associated with inevitably unpopular measures. The compromise proposals finally submitted by the German Government were approved by the Allied High Commission on 27 March 1951.

These compromise proposals, which formed the basis for the present Allied legislation, provided for the establishment of twenty-eight iron and steel unit companies.[1] Twelve of these unit companies were to be linked with collieries, but these were to be separate corporate entities. In all cases, coal mines allotted to iron and steel companies were to provide not more than 75 per cent of their coke requirements; it was expected that the collieries so allotted would account for some 16·5 per cent of total German coal production.[2] The proposals did not resolve the problem presented by the Reichswerke (formerly Hermann Göring Works) or that of the iron-ore mining industry. The Germans have obtained some concessions, among them being the exclusion from the Law of a number of concerns which are now free to take part in the reorganization on a voluntary basis, including the Stinnes Group which was released from Allied control on condition that it carried out an approved voluntary deconcentration plan. Allied legislation

[1] Before the war twelve big companies controlled 90 per cent of Germany's steel production.

[2] Before the war the steel industry controlled about 55 per cent of the Ruhr coal production.

under Law No. 27 has provided for the establishment of t
four new iron and steel unit companies (nineteen of which w
up by November 1951) and of five coal unit companies, t
these in affiliation with iron and steel companies already estab
additional coal unit companies were also to be formed.[1]

In order to establish an effective control over German in
the Western Occupation Powers in December 1948 establi
Military Security Board to inspect and report on the indust
to advise on policies related to the prevention of possible
aggression. The International Authority for the Ruhr, estal
by a Six-Power Agreement of 28 April 1949, was set up
international level over and above the Western Occu
Authorities, not least with a view to creating an instrum
international control over the West German heavy industry
could outlast Allied occupation in Germany. The p
objectives of the Authority were to ensure that the resources
Ruhr should not in future be used for the purpose of aggr
to make the coal, coke, and steel of the Ruhr accessible
equitable basis to the countries co-operating in the co
economic good'; to bring about the closer co-ordinat
economic life in Europe, including a democratic German
to facilitate intra-European trade. The Federal Republic b
a voting member of the Ruhr Authority, which, in fulfilmen
function under the Agreement, has since early in 195
responsible for allocating total German coal exports. Alt
Article 14 of the Ruhr Agreement provided for the sharing o
as well as of coal, between consumption and export demand
export allocations have in fact never been made. The Auth
positive action further included a reduction in 1950 of the
ence between Germany's internal coal prices and the highe
of her coal exports. Under the Agreement the Authority al
the power to protect foreign interests in the Ruhr industries,
was eventually to take over from the High Commission such p
relating to the supervision of management in the Ruhr as r
necessary to ensure the aims of the Ruhr Statute.

Throughout the occupation period Allied policy has be
fluenced by the conflicting claims of security and reconstr
The Marshall Plan from the first included Western German
the implication that she, like the other countries concerned,

[1] Allied High Commission Regulations 6 and 7 (steel) of 2 May 1
9 to 11 (coal) of 14 November 1951.

become self-supporting by 1952. The idea of European economic co-operation was carried a step further with the launching of the Schuman Plan. Under this Plan the heavy industries of the six participating countries are, by common consent, to be brought under supra-national control, with German membership on the basis of complete equality. It is not possible to enter into all the implications for the Ruhr of the Schuman Plan,[1] which was signed in April 1951 and has still to be ratified by Italy, Belgium, and Luxembourg. But it should be recalled that with the entry into force of the Plan the Ruhr Agreement is to expire.

As regards the programme of reorganization and deconcentration, the Allied High Commission has repeatedly insisted on retaining control[2] over the implementation of the programme 'until the basic objectives (of Law No. 27) are assured'.[3] Nevertheless the High Commission has given the German Chancellor an assurance that with the completion of the deconcentration programme (expected at the end of 1952) the German coal and steel industries will no longer be subjected to restrictions other than those specified in the Schuman Plan. Allied approval of a newly prepared German decartelization law was presumably regarded by the Occupying Powers as a pre-requisite for the removal of Allied restrictions on German heavy industries. The draft bill for the regulation of all cartels by a federal cartel authority (*Bundeskartellamt*) was the subject of German-Allied talks held on 22 December 1951 when it was announced that agreement had been reached on all major points.

2. THE LEVEL OF PRODUCTION

The foregoing summary outlines the framework within which the German basic industries have operated since the war. It remains to assess the progress of their recovery.

The hard coal reserves of the Ruhr district are estimated at some 213,600 million tons,[4] and the coal deposits of the Ruhr—probably the richest in Europe—yield today some 93 per cent of the total coal[5] output in Western Germany. In the same area some 83 per cent of the German steel industry is concentrated. At the end of the war German coal and steel production had broken

[1] See 'German Views on the Schuman Plan', in *The World Today*, July 1951.
[2] Subject to consultation with the Federal Government on all major measures.
[3] High Commission's letter to the Federal Chancellor of 24 May 1951.
[4] *European Steel Trends*, E.C.E., Geneva, 1949.
[5] 'Coal' here, and elsewhere in this article, excludes lignite and brown coal unless otherwise specified.

down almost completely; the decisive limiting factor in th mines was the shortage of food, and the steel industry i depended on adequate coal supplies. The British, who con the coal mines, made every effort to relieve the situation. \ production incentive schemes were first introduced in the su of 1947, making available additional food and consumer gc the miners, and their effects were soon visible in the risii production curve. Twelve months later, after the currency r incentives in kind were replaced by wage increases so th miners came to be the highest paid workers in Western Ge By 1948 the coal shortage was temporarily overcome, but 1950 production was unable to keep pace with the expan German industry (see Table I), and towards the end of th coal stocks began to dwindle. From September 1949 to Dec 1950 the general level of production rose by some 33 pe but coal output could only be raised by about 19 per cent.

TABLE I

INDEX OF INDUSTRIAL PRODUCTION IN WESTERN GERMANY[1]
Per Working Day (1936 = 100)

Monthly Average	General Index	Coal Mining	Iron Ore Mining	Iron and Steel	Iron and Steel Castings
1948	61	78	97	37	43
1949	87	92	112	61	68
1950 (1st Q'tr)	93	98	125	73	77
(2nd „)	105	96	129	76	81
(3rd „)	115	97	139	84	88
(4th „)	126	106	151	87	107
1951 (1st Q'tr)	123	109	148	83	110
(2nd „)	133	108	163	93	114
(3rd „)	129	105	165	91	108
(4th „)[2]	135	114	168	98	119

[1] Source. *Statistisches Bundesamt.* [2] Provisional estimates.

TABLE II

PRODUCTION OF COAL AND STEEL
AND CONSUMPTION OF SCRAP IN WESTERN GERMANY
million metric tons

	1938	1946	1947	1948	1949	1950
Hard Coal	137·0	53·9	71·1	87·0	103·2	110·8
Pig Iron and Ferro-Alloys	15·2	2·1	2·3	4·7	7·1	9·5
Crude Steel (Ingots and Castings)	17·9	2·6	3·1	5·6	9·2	12·1
Consumption of Scrap	8·5	—	—	4·0	7·0	9·2

Sources: Hard Coal production: DKBL figures.
Pig Iron, Crude Steel, Scrap: *Economic Survey of Europe in 1950.* Geneva, 1951.
1951 figures, *Stahl und Eisen,* 31 January 1952.

Compared with the 1938 pre-war output of 137·0 million tons,[1] hard coal production in Western Germany fell to 35·5 million tons in 1945; it reached 87·0 million tons in 1948 and 118·9 million tons in 1951, thus for the first time exceeding the 1936 figure of 117 million tons. A marked improvement in coal output dates from the last quarter of 1951, when average production of pit coal per working day amounted to 408,500 tons compared with 388,600 tons in the same period in 1950. This rise in output is attributed to an increase in the labour force and to higher attendance, rather than to any improvement in efficiency. According to a production programme drawn up by the DKBL[2], Germany may produce 126 million tons of coal in 1952 and 150 million tons by 1956.

The limiting factor in recruitment for the coal mines is the serious housing shortage, which has, indeed, been a major problem ever since the end of the war. Out of a total of 250,000 miners' houses, 66,000 were completely destroyed in the war and 130,000 damaged. To meet this problem, it is planned to build 122,000 houses by the end of 1954, representing a total capital expenditure of DM. 1,720 million. The necessary funds are being raised by a levy on coal of DM. 2 per ton, by E.C.A. funds, mortgages, loans from Länder authorities, and from the mining industry's own resources. The number of underground workers in the hard coal mines has, in fact, expanded rapidly: by 1946 it had almost reached the 1936 level, and in October 1951 there were 312,000 underground workers, or over 111,000 more than the 1936 average. But productivity in the mines remained throughout 1950 at a level about one-third below the pre-war years, and compares unfavourably with productivity in other branches of German industry. Output per manshift for underground workers recovered from 0·98 tons in 1945 to 1·40 tons in 1950 and to 1·45 tons in October 1951: in 1936 the average was 2·1 tons. This failure in efficiency is explained in part by the unfavourable age distribution among coal miners—more than one-third are over forty-five years old—and the high proportion of new recruits, and in part too by the lack of capital equipment. Mechanization, though limited by geological conditions, is at present under active discussion in Germany. Between the middle of 1948 and the autumn of 1950 about DM.1,100 million were in-

[1] tons = metric tons throughout.
[2] Used as a working basis in the O.E.E.C. Report of the Experts of the Special Group for Coal. Press Release A (52) 1, Paris, 11 January 1952.

vested in the coal mining industry; of this, DM.451 millic
from foreign aid. Apart from aid to miners' housing, a
DM.441 million of E.C.A. funds had been released for inv
in the coal mining industry by the end of September 195
another DM.100 million was released the following mo
investment programme for the coal industry (excluding h
covering 1952–6, quoted in the recent O.E.E.C. Coal
envisages investment expenditure in hard coal mining to a
DM.3,766 million. This amount is to be met to the e
DM.1,450 million from the industry's own funds, leavin
2,316 million still to be found from other sources.

The coal shortage led to the tightening of distribution
and to such short-term remedies as extra-shift producti
new incentive schemes. A measure to provide incentive
minimum of inflationary danger was the decision at the
July almost to double the price for the marginal output
above 373 thousand tons a day, while keeping down the p
the main bulk of coal output. The high-priced marginal
allocated to industry. A tax-free workers' bonus system v
introduced in January 1952.

In 1950 the Federal Republic exported some 19 per
her solid fuel production, and some 18 per cent in the first
1951. The International Ruhr Authority conceded some red
in the quarterly coal export allocations but insisted on subst
maintaining the 1950 proportion of output as between expo
domestic consumption. On 22 November 1951 the Ruhr Au
agreed unanimously (for the first time Germany neither o
nor abstained) on reduced allocations for the fourth quarter
and for 1952; the new arrangements, it is hoped, will tide the
over until the Schuman Plan comes into force. The quan
U.S. coal imported by Western Germany have been increasi
in September 1951, for instance, American imports represe
much as 16 per cent of the total German consumption
previous month. During the last four months of 1951 the G
imported over a million tons of coal a month, almost a two
increase over the 1950 average. This compares with Germ
exports during the last two years of about 2 million tons a

Western Germany also produces brown coal, principally
Cologne field. Most of it is used in its natural state at local
power stations, the remainder as domestic fuel in the f

[1] Source: *Bundesministerium für den Marshall Plan.*

briquettes. Post-war recovery in production of brown coal was very much faster than that of hard coal. The 1936 brown coal output was exceeded by July 1947.

Before turning to developments in the iron and steel industry a few words must be said about the supply position of its two other important raw materials—iron-ore and scrap. The striking feature about post-war German iron-ore mining was the rapid expansion in production (see Table 1). The reason, of course, was the difficulty in obtaining high-grade iron-ore imports on which German pre-war steel production had largely depended. The German ores (found mostly in the Salzgitter, Siegerland, and Lahn-Dill areas) are of a very low grade, but processes for the treatment of the ores are being developed. Imports of iron-ore were resumed after the currency reform, and today they amount to about a third of requirements. Sweden is, as before, the main supplier, but that country is in a strong bargaining position and able to make her ore shipments dependent on the delivery in exchange for German coke and coal. Imports of Minette ores from France have become insignificant since the war and interest has turned towards alternative supplies from overseas, including India.

Before the war Germany was a scrap importer. In spite of her iron and steel industry's increased dependence on scrap, she has since the war become a scrap exporter to the extent of some 6 million tons for the three years from the summer of 1948 to 1951. During that period total scrap production in Western Germany amounted to some 20 million tons, of which about 8 million tons were reclaimed from war rubble. Scrap collection has become increasingly difficult: reclamation from war ruins fell by at least 60 per cent in the twelve months from the summer of 1950. Monthly production of scrap[1] has decreased from an average of 635,000 tons in the first half of 1950 to an estimated present average of 400,000 tons, and of this about 150,000 tons is derived from ruins. At the same time Germany's own requirements are rising (see Table I), and her net exports fell from 1,460,000 tons in the first half of 1950 to 422,000 tons in the first half of 1951. This situation closely affected the British iron and steel industry, for by far the largest share of German scrap exports went to Great Britain.

In the pre-war peak year of 1938 crude steel production in the

[1] Excluding scrap recovered and used by the industry itself, amounting to about half of the industry's consumption.

area of the Federal Republic amounted to some 17·9 milli
At the end of the war the industry was so greatly crippled t
just over 2½ million tons of crude steel could be produced
or some 2 million tons less than the production ceiling prov
under the Potsdam Agreement. In 1947 production increa
the previous year's output by no more than half a million t
by 1949 crude steel output in Western Germany amou
over 9 million tons, and in 1951 reached 13·5 million tons.

Recovery in steel production dates back to the currency
of 1948; previously to that the iron and steel industry had s
lagged behind other German industries. The over-ridin
limiting steel production was a serious shortage of fuel anc
The effect of this shortage had actually outweighed a
limitations, including lack of equipment, material shortages
difficulties, and so on. By the middle of 1948 the coal situat
eased sufficiently to allow the steel output to expand in res
the increased demand for steel products which arose ou
sudden general economic revival in Western Germany. I
tion, the industry shared in the beneficial effects of the c
reform on labour conditions and general efficiency; the sho
electric power was no longer acute, while imports of hig
foreign ores could be resumed. During 1949 crude steel
expanded more slowly, and in September the industry exp
a set-back, mainly as a result of the falling-off in domestic c

The industry's second turning point came with the
boom', when the transformed world situation gave rise t
increase in demand for German steel, both domestic and
Domestic demand for steel was given a further impetus v
relaxation of Allied controls over industrial production in W
Germany. Steel production in the second half of 1950 rose
million tons, compared with 5·70 million tons in the first
the year, and in the first six months of 1951 it amounted
million tons. The slowing down of recovery in the first
1951 was mainly due to the shortage of raw materials, f
power. From the autumn of 1950 onwards steel output was
to keep pace with mounting orders, and in the first half
steel supplies for domestic use were only 7 per cent higher
the corresponding period of 1950, while production
engineering industry (embracing expanding exports) was
cent higher. In view of this situation a quarterly steel al
scheme was introduced by the Federal Government in

1951, and it is intended to use 25 million free dollars to purchase American coal for German steel production. Meanwhile crude steel output has been maintained at remarkably high levels: during 1951 it rose by 1½ million tons over the 1950 figure, and at the present rate of increase total steel output should reach 15 million tons in 1952. The crude steel target for 1956 is 19·5 million tons.

German authorities stress the need for the expansion and modernization of steel plant and for foreign capital investment. The President of the Federation of the German Iron and Steel Industry stated last spring that up to that time DM. 350 million had been invested from the iron and steel industry's own resources and that the industry received in addition DM.85 million in E.R.P. aid. He estimated that a total investment of DM.3,000 million would be required to bring the German iron and steel industry up to the technical standard existing in other countries.

M. G.

Social Reform in India

The Hindu Code Bill

Now that the general elections in India are over, reformers and lawyers in many countries will be interested in knowing what is to happen to the draft enactment, on which many of the country's leading jurists have been working for the past ten years and more, which, if it becomes law, will have the effect of standardizing the personal laws of the Hindus in regard to marriage, divorce, succession, inheritance, and other matters. Besides the advantage of uniformity, the Hindu Code Bill, in which reformers have helped the students of ancient sources of law to find authority for keeping pace with the times, attempts to bring the law of the Hindus into line with what many progressive Hindus feel to be the needs of modern society, particularly as to the place of woman in it.

When the British went to India they followed a laissez-faire policy towards the personal laws of the great communities of alien races over whom they found themselves gradually exercising authority. They were quite content to allow the Hindus and the Muslims to get married (and, when their usage so provided, to get unmarried), to inherit, to adopt, and to regulate their own family

and personal affairs after their traditional manner. When d
arose and matters were taken to court, English judges went t
pains to find out the rules of law of the parties, the religio
pose behind them, the extent to which they had been modi
local custom, and then gave judgement accordingly. Pandits l
in ancient lore, old manuscripts and inscriptions, the mem
old inhabitants, and other sources of information were tapp
every effort was made to have cases decided in the way in
the judges thought Hindu or Muslim judges would have di
of them in the olden times. Enactments setting up civil
specified that the Hindus (or Gentoos as they were then call
Muslims were to continue to be governed by their own la
zealous were English judges and so keen not to be suspe
tampering with the heritage of the people that in the years
ing their development of a hierarchy of courts we find l
English jurists in the Privy Council and Indian High Cour
ting their own interpretation on ancient manuscripts anc
often emphasizing the sacramental aspects more than d
Hindus themselves, and even propounding new ideas whic
stantially added new doctrines to the indigenous law.

Thus it was not to be wondered at that Indians themselves
to ask for reforms. When so obviously necessary a reform
abolition of suttee, the burning of Hindu widows on the f
pyres of their husbands, was enacted by Lord William Bent
1829, it was feared that the forces of orthodoxy might pre
people in authority in England to veto the measure; and the
reformer, Raja Ram Mohan Roy, who was then in Britai
active in countering any agitation which might have delay
abolition of an inhuman custom.

Other reforming measures came slowly at intervals duri
nineteenth century. They included an act authorizing
widows to remarry; another providing for the dissolutio
marriage if one party changed his or her faith and the oth
not; and, finally, the important Brahmo Marriage Act
allowed Indians of socially advanced views to enter into m
mous marriages in which they would be ruled by more or l
same conditions as obtained in a Christian marriage. It t
name from the Brahmo Samaj, a monotheistic group of
reformers. The Act, however, demanded the renunciation o
faith by the parties to what was in effect a civil marriage.

In the past four or five decades a number of reforming

ments have found their way into the statute book. These include the Hindu Disposition of Property Acts which introduced and extended several English ideas regarding the transfer of property; the Gains of Learning Act, which ruled that a Hindu's earnings from a learned profession for which he had been trained at the expense of joint family funds were not family property, as would be the case with any profits made by the use of joint family funds in trade; and, finally, two acts of 1937 and 1938 to provide for the rights of Hindu women to own property. In the case of the last-named acts, the old text 'a widow is the surviving half of her husband's body' was quoted to give the widow a place in the succession to the property of the joint family to which her husband belonged. Another measure, not specifically limited to Hindus, was the act to restrain the marriage of very young children, known as the Sarda Act and passed in 1928; but its provisions are so restricted, and the penalties it imposes so trifling, that it has proved little more than a pious resolution.

The need for a general reform of the whole of the personal law of the Hindus has been increasingly apparent to lawyers throughout India as the flood of judicial decisions, the increase in the number of high courts, and the appearance of more and more legal reports has added to the confusion produced by the spectacle of modern lawyers, English and Indian, trying to delve into the minds of the ancient lawgivers and reading into ancient texts meanings which may have been far from the authors' minds. The courts, which might have tried to exercise their influence to achieve greater unity in the land, took an almost dilettante delight in finding new aspects to the law in individual cases and creating new diversity till, in the words of an English commentator, Hindu case law was 'a luxuriant jungle in which it is impossible to see the wood for the trees'. It seemed at times as if the law was developing along lines which were in accord neither with the spirit of the ancient writers of the smritis and srutis nor with the needs of modern times. Writers of the standing of Sir Hari Singh Gour and Sir Dinshah Mulla tried to reduce Hindu Law to written works that had the clarity of a code, but they could not be completely successful as there was so much in the system that needed to be reformed.

A chaotic state of affairs has resulted. A Hindu could have as many wives as he chose. A Muslim could have up to four. A Hindu had no divorce. A Muslim could divorce at will. But in some parts of the country Hindus enjoyed some form of customary divorce—

either at will, or on payment of a fine or under some othe
tions. Among the people of Malabar and the Canarese
there were loose forms of marriage which in effect per
woman a good deal of freedom, and the form of succes
matriarchal, as distinct from the patriarchal system gener
valent among Hindus. In part of India a son's rights in t
of a Hindu father only materialized on the father's deatl
rest of the country it vested in the son from his birth sc
became a joint owner in the family estate. Some Muslims
the Hindu law of joint family and succession to property
followed their own system. Religious marriages between
of different castes were not possible. Even where a Hindu
had no intention of taking a second wife, a Hindu marr
not registrable and had not the same value in the law cou
exclusive monogamous union of a Christian husband a
Thus a Hindu might abandon his Hindu wife, to whom
been married with full religious ceremony, and contrac
marriage with another woman. In the eyes of the law
marriage would be quite valid, and, furthermore, it would
from further marriages so long as it lasted.

The call for reforms was inevitable with the seeping in
of new ideas as a result of contact with other countries
coming of Western education. The Hindu might still ch
inheritance in a sentimental way, but he could not but r
the limitations of an old social code in life in a new er
distant London judges of the Privy Council might declare
variations or uncertainties should be introduced into th
lished and widely recognized laws which govern an ancient
civilization'. Yet the very decision in which Lord Sumn
this profound statement of respect for the past was the ca
demand for change on the part of Hindus which led to the
Learning Act. Nothing could better illustrate the desire
gressive Hindus for change and the inability of judges of t
Council to sense the mood of a new age in India, des
occasional presence on their bench of Indian judges.

Economic factors were also making for change. The fa
longer was the important factor it had been in the past. Inc
were setting out on their own, living apart from their a
homes, starting their own commercial and other ventu
anxious to be free of the encumbrance which members
family corporation involved. Lawyers with Indian experien

of the trouble involved in dealing with a member of a Hindu undivided family whose title to property has always to be investigated carefully, or in acquiring any sort of interest in property in a Hindu widow's hands.

Simultaneously a new force was growing in the awakening social conscience of India. This was the women's movement which gained strength as a large number of women in the cities received a Western education, entered the professions and public life, and chafed under the restraints and limitations imposed on them in the family circle by outworn codes. They felt that the limited ownership of property conceded to a Hindu woman was an anachronism. They resented the exclusion of the daughter from a share of her father's property on equal terms with the son. Very naturally they felt that the sacramental Hindu marriage, which was not registered or treated on the same footing as a monogamous union in the eyes of the law and which offered no hope of release for a couple whose union failed, was badly in need of overhauling.

As a result of the efforts of various groups, including the women's movement, the Government of India found in 1941 that they had before the legislature no fewer than seven bills for reforms of one kind or another in the realm of Hindu Law. They decided to appoint a committee of eminent lawyers to consider the whole situation. The Chairman of the Committee was Sir Benegal Narasinga Rau, a judge of the Calcutta High Court, since better known as India's permanent delegate to the United Nations.

The Committee presented their first report in June 1941, in which they declared that the only satisfactory solution of the problem was 'to avoid piecemeal legislation and take up as early as possible the codification of the Hindu Law'. The Committee took the line that there was much of value in the ancient texts and that, without abolishing all reliance on the past but by picking and choosing what was best in the writings of the classical lawgivers, they could draw up a code that was able to meet the needs of the great Hindu community today. The jurists' love of the legal fiction is seen in their report in which they say: 'We cannot believe that even conservative opinion will be entirely unresponsive. Nor on the other hand can we believe that the thoughtful reformer will rush to lay violent hands on the ancient structure of Hindu Law except for proved necessity. It is a spacious structure with many schools and by a judicious selection and combination of the best elements in each he should be able to evolve a system which, while

retaining the distinctive characteristics of Hindu Law, will su
the needs of any progressive society. It is a code of this kind
we contemplate; a code which shall base its law of successio
the ideas of Jaimini rather than those of Baudhayana and its
of marriage on the best parts of the code of Manu rather than t
which fall short of the best; a code which, generally speaking,
be a blend of the finest elements in the various schools of H
Law; a code, finally, which shall be simple in its language, cap
of being translated into the vernaculars and made accessible to

The two draft bills which the Rau Committee submitted
their report were referred to joint select committees of the In
legislature, and it is significant as showing the interest of
Hindus in the matter that the chairman of one of these commi
was a Muslim jurist. The upshot of their deliberations was tha
Government was advised to revive the Rau Committee and to
it the wider terms of reference needed to frame a comprehe
Hindu Code. The revived committee, with instructions to pre
as complete a code as possible, including the matters in the
bills on marriage and divorce and on succession, toured the cou
in 1944–5. They took the evidence of a great many individuals
bodies before they started to draft their Hindu Code.

By this time big constitutional changes were on the way.
Constituent Assembly, elected to frame a new Constitution
India, found itself, with the partition of India, suddenly tr
formed into an interim Parliament. None the less time was fo
for a select committee, with Dr B. R. Ambedkar, the leader o
Scheduled Castes (the Untouchables), as Chairman, to study
draft and submit the amended Hindu Code Bill to the Governm

In submitting the Bill to Government in August 1948, the m
bers of the committee had the opportunity of making their
reservations in minutes of dissent. In one minute the view
expressed that the code did not provide adequately for commun
such as the Maramakkatayam, Aliya Santana, and Nambudri c
munities of the south-west who had unusual marriage and di
customs and a matriarchal system which gave women a great
of freedom. Another minute suggested that the Constit
Assembly, which was only an interim legislature, should leave
enactment of the code to a regularly elected parliament—suc
has now been elected. The view was also expressed that long
costly court proceedings to obtain divorces would be a hardshi
communities which already had their own relatively simple

tisfactory divorce customs, even though the code might confer much-needed relief to other communities. The exemption of agricultural land and impartible estates from the operation of the code was another weakness, as it suggested that agricultural land would pass in a different way from the rest of a man's estate.

Looking at the Hindu Code Bill itself, it is, as has been mentioned, divided into six parts apart from the introductory section. The provisions dealing with marriage allow of two distinct types of Hindu marriage—sacramental and civil. Both types are to be monogamous and subject to such rules as to registration as the local government might make. Both forms are to be open to members of different Hindu castes and, besides allowing for marriage across the frontier of caste, the provision for registration of any marriage in the Hindu form at the request of the parties thereto suggests that even a marriage between a Hindu and a non-Hindu might be regarded as valid without the former party having to renounce Hinduism. An effort has been made to reduce the number of parties with whom marriage is prohibited on the ground of agnatic relationship (i.e. of relationship from the father's side).

Under certain specified conditions there is provision for the dissolution of a marriage or for judicial separation. The grounds for divorce are rather more exacting than in the West, and even in the case of misconduct of one party the misconduct has to be continuing and not a solitary lapse. Divorced parties may remarry after six months. The spirit of the code is one of equal obligations on both sides, not of different moral standards for men and women.

The Hindu wife's personality receives distinct recognition, once again, in the provisions as to adoption. The adoption of a son by a sonless Hindu has a significance not attached to adoptions in the West. Not only is a legal fiction employed to continue the family line, but on the spiritual side the spirits of departed forebears are assured of the continuance of ceremonies which a Hindu owes it to his ancestors to perform. The new code makes necessary the consent of the wife—or of one wife in the case of a Hindu who may have more than one wife, a situation which will continue during a long transition period with many Hindus—before a Hindu can take a son in adoption. In the past a Hindu widow could only adopt a son to her dead husband if she had express authority; the new code gives her that right at any time within three years after his death. As an adoption can create new rights of inheritance, it will be seen how great are the new powers to be given to the

Hindu widow. Under the new code, a mother can give her ‹
in adoption to another family, while the right is given to a wi
adopt a son for her husband if the husband is not capable of ı
his judgement. It is claimed by the framers of the Bill that thi
the authority of Vasishta, but it is not in accord with mo
practice. British judges may have been over-scrupulous in de
with adoption cases to avoid offending religious susceptibil

Far-reaching also are the changes which the proposed code
bring in the system of property ownership. The Hindu
family system has had many local variations, but generally t
have been two main schools. The Bengal school—the Dayab
School—allows the interest of a son in the estate of his fath
vest only on the father's death. The rest of India followed
Mithakshara School, under which on birth every male H
became a joint owner of the family estate together with his fa
brothers, and other kinsmen. As can easily be imagined, the l
system was liable to lead to various complications, particu
where questions arose of the right to mortgage the family prop
and the position of a creditor and there was, on the other hand
doctrine of a son's pious duty to make good his father's d
Under the new code the Bengal system is made applicable tc
whole of India. Birth itself gives no vested interest in the fa
estate. Members of a joint family are tenants in common, not j
tenants, and there is no right of survivorship. A man's rights dc
materialize till the ancestor through whom he claims righ
usually his father—is dead. Here again we have the modern
which makes for individual enterprise, facilitates business,
once again, may be regarded as safeguarding the rights of wido
daughters-in-law and sisters-in-law by denying the theor
survivorship among male partners in the family estate. Of co
the change-over must take time, and reservations are made in
Bill for the interim period.

The proposed changes in the laws of succession and inherit
aim at some redress of the inferior place of women. Cer
patriarchal aspects of the old order remain, such as, for insta
the preference given to the male line over the female. But on
other hand no distinction is made between sons and daugh
where their share of movable property is concerned. The wido
daughter-in-law gets a half of a son's share on the theory that
is the surviving half of the son. What is most significant is tha
women get absolute rights in property, and not the life inte

ly that used to be the woman's estate in Hindu Law. A woman's wry becomes her own absolute property or, when held by other, is held in trust for her exclusive benefit. While much of e Bill has gone very far towards simplifying matters, it seems a ty that greater simplification was not carried out in the matter of e division of the estate of an intestate Hindu, for there are still, ie feels, too many distant agnatic and other relatives in the four isses of heirs named as entitled to succeed.

But it seems the Hindu Code Bill has gone far enough already. or the past three years it, like every reform introduced in the past, s been under fire from orthodox quarters. There have been otests and representations and public demonstrations by those 10 opposed giving women full rights of ownership in property d increased succession and adoption rights, owing to the effect ch concessions might have on family estates. These critics have en quite blind to the implications of equal opportunities for omen outside the home and to the impossibility, under modern nditions and with the increased necessity of national planning, keeping big family businesses and properties intact even without ving concessions to women. They have been sufficiently vocal d influential to hold up the enactment of the Bill. For when e Bill last came before the Indian Parliament, in the late summer 1951, with no fewer than eighty-three official amendments and er 300 amendments by private members down for discussion, it is understood that its enactment would be, for the time at least, nited to the provisions relating to marriage and divorce. It reatened to impede parliamentary business, and finally, in ptember 1951, faced with the danger of a split in the Congress rty and a resurgence of communal politics owing to the revolt of any of the more militant Hindu members on the eve of the eneral Election, the Indian Prime Ministei decided to shelve e Bill till he had a clear mandate from the country to continue the helm of affairs. He told the legislature that further considera-n of the Bill would be adjourned, and in reply to questions he ade it clear that the Government intended to get the Bill through, ough for want of time they could not do so in the current session. This decision was a severe disappointment to Dr Ambedkar, e sponsor of the Bill. He resigned from the Indian Cabinet and a statement declared: 'To leave untouched the inequality between iss and class and between sex and sex which is the soul of Hindu ciety and to go on passing legislation relating to economic pro-

blems is to make a farce of our Constitution and to build a
on a dungheap.'

His impatience is understandable, but taking a long v
history one may ask if the little extra time might not have a v
effect in reconciling public opinion to the need for change.
twenty-five years from the time when Macaulay prepared h
for so necessary a measure as the Indian Penal Code to b
law. The Hindu Code Bill is a far more controversial measu
Hindu jurists may well congratulate themselves if it becom
and wins general acceptance by the public in the next year
The decade and more since the Rau Committee first met ha
a period for the germination of new ideas with regard to w
place in society. The war has seen the Indian working girl
to take her part in national life. Since women followed Ga
his agitation for Home Rule twenty years ago a generati
grown up which cannot imagine the state of seclusion of
which prevailed in India in the 1920s. Much social legisla
the past has lacked the backing of public opinion. An
princely state which abolished plurality of wives found its ru
first to break the new law. The Sarda Act has had no visibl
in stopping child marriages.

Thus while some further delay in the enactment of the Co
help to close the gap which may be left between public c
and the views of the more enlightened leadership, it is imp
that once the electioneering atmosphere has been dispell
legislature should get to work on the enactment and the sc
amendments to it so as to bring forward the day when the I
will have a uniform common law. A new code will give the
community, and Hindu marriage in particular, improved st
in the world generally. It will be of value even beyond the li
India, for it will give the courts of Pakistan, Ceylon, Malay
other countries with large Hindu communities a lead on wl
act in the handling of that community where they might oth
have hesitated to introduce changes that would have exposed
in the case of Pakistan at any rate, to the charge of intolerance
important of all, the Code will be the best proof of India's
tion to implement promises of equality contained in her Co
tion and to give women rights which might well have come
the grant of the franchise.

B. E. F

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Notes of the Month

The Powers and Germany: The Soviet Note of 10 *March* 1952

After the N.A.T.O. Conference at Lisbon somewhat optimistic communiqués were published. These summarized the session's achievements, giving the forces in combat readiness in 1952 as approximately fifty divisions and 4,000 operational aircraft, and approved the text of a Protocol defining relations between N.A.T.O. and the European Defence Community and providing for reciprocal consultation and combined meetings of the two bodies. Western Germany is a member of the latter but not of the former.

Two weeks later, on 10 March, the Soviet Government sent a Note to the three Western Powers urging the early conclusion of a German peace treaty on the grounds that the danger of a revival of German militarism had not been removed, since the Potsdam decisions had not yet been implemented. Under the terms of the Russian draft treaty, Germany is expressly to be allowed 'national land, air, and sea forces essential for the defence of the country' and is herself to produce the war materials and equipment necessary for them. The Russian proposals also include the withdrawal of all occupying forces, the reunification of Germany within the frontiers laid down at Potsdam, and a pledge by Germany not to enter into any coalition or military alliances whatsoever directed against any Power which took part with its armed forces in the war against her. Germany's admission to membership of the United Nations would then be supported by the Powers which signed the treaty with her.

In November 1950 the U.S.S.R. had proposed a four-Power Conference 'to examine the question of the fulfilment of the Potsdam Conference on the demilitarization of Germany', on the basis of the Prague Conference proposals of October 1950.[1] The Prague

[1] See *The World Today*, January 1951, p. 6.

proposals included: the declaration against the remilitarizati
Germany; the creation of a unified democratic and peace-l
Germany; the removal of restrictions on a German peace econ
the prevention of a restored war potential; and the conclusi
a peace treaty, to be followed by the withdrawal of the occu
forces. The Soviet Note of 10 March 1952 thus contains tw(
proposals: the creation of German armed forces, and the excl
of Germany from coalitions or military alliances against any (
former enemies. The German Federal Chancellor, Dr Aden
speaking on 16 March, declared that these proposals represen
certain advance', though it was not the task of the Federal Go
ment directly to answer a Note addressed to the Western A
He added, however, that the Soviet Note was a fresh proof (
soundness of his conviction, upon which his Government's p
was based, that if the Western Powers were to become st
Soviet Russia would enter into 'reasonable counsel' with them
Minister for All-German Affairs in the Federal Government,
Jakob Kaiser, in a broadcast on 15 March asked the We
Powers to make the utmost effort to clarify the meaning o
Soviet Note and to put forward precise proposals of their ow
German unity and peace. He emphasized that 'free elections u
international control' must be the first step towards unity
peace.

Social Democratic Opposition leaders in Western German
also said to support these pleas for serious study of the Ru
Note, even though it might prove to be once again only a ta
move. For example, Herr Ollenhauer, the second Chairman o
Party, speaking in Berlin, emphasized that every possibili
reunification under democratic auspices must be carefully exam
Herr Reuter, the Social Democratic Lord Mayor of Berlin, o
other hand, while supporting the plea of his party's leade
Western Germany for a careful study of the Soviet Note, has
that only the establishment of democratic freedom in the S
zone could convince him that the Russians were really in ea
and looking for a feasible compromise on Germany.

There is a certain irony in the fact that a United Nations C
mission has just been in Western Germany to discover wh
conditions exist in Germany for the holding of free democ
and secret elections. It will be recalled that in response to a
posal of Herr Grotewohl's for East-West discussions on
German elections, Dr Adenauer laid down certain conditions

cluding international control. The U.N. Assembly in Paris on 20 December appointed a Commission to carry out 'simultaneous investigations' in the Federal Republic, in Berlin, and in the Soviet zone. But so far its requests for facilities in the German Democratic Republic have not been granted (or even replied to) by the Soviet Control Commission. Herr Grotewohl, the East German Prime Minister, told the People's Chamber on 14 March that the Commission would on no account be allowed into Eastern Germany where, in contrast with the West, every citizen had the same rights and freedom and only saboteurs and agents were put into captivity. He also described the Soviet Note as 'fundamentally altering the international situation' and 'making possible an immediate settlement of European problems'.

Central African Federation

THOUGH all three political parties in Britain are agreed on the desirability of the proposed federation of the two Rhodesias and Nyasaland, a debate on the subject in the Commons on 4 March led to a division, the first on any question of Colonial policy (the groundnuts scheme was not conceived in terms of Colonial policy) for many years. Everybody except the Africans—and that is the nub of the matter—agrees that federation is desirable on all the objective grounds of economics and strategy, and that, in face of the threat inherent in economic, political, and racial developments in South Africa since the war, there is an urgent necessity for it. Everybody also considers that the detailed suggestions put forward by the conference of officials held in London at the end of 1950 afford at least a basis for discussion of a federal Constitution.

African opposition can be traced back not merely to the failure to invite African representatives to the original conference of unofficial members from the north with Southern Rhodesia at the Victoria Falls in 1948, but to the opposition of the Africans to amalgamation at the time of the Bledisloe Commission in 1938. They did not want then to exchange the Protection of the Crown and Colonial Office rule for that of the local Europeans, and they are not now satisfied that any guarantees of their protectorate status, their lands, or their political prospects will be effective even though written into the Constitution. They have seen, in the Union, what can happen to constitutional safeguards. Nor is the fact that only a small educated minority can appreciate such matters, or indeed understand most of the issues at stake, any

comfort, for in all such countries, from India to the Gold C
is not the illiterate masses which count politically, but the d
educated minority whom they respect and will follow. Mr G
when he visited Northern Rhodesia, was deeply impresse
the strength of this opposition and with the necessity for b
the Africans into full consultation at all future conferences
support were ever to be won. He and many others are al
vinced that federation, however desirable, must not l
through, let alone rushed through, unless that support is w
the other hand, the creation of a strong State north of th
popo, based on liberal principles, is urgently necessary for t
tection not only of the peoples of Central Africa but even, p
of those of the East and West African territories as well. Th
those who say that Britain cannot, in the interests of her A
wards themselves, afford to wait until they have grown to
what is good for them, and that it is her moral duty to act fo
now regardless of their protestations. Nor is it forgotten
inhibited by such scruples, she delays much longer, the Eur
in Southern Rhodesia, who are in any case reluctant to sur
any of their present political independence, may then
withdraw their support, and that sooner or later economic
may, if the North is closed, draw them southwards.

Mr Lyttelton did not apparently succeed in allaying Opp
fears so far as the machinery of the proposed London confe
was concerned. Neither Mr Griffiths nor Mr Gordon
pressed home the demand of Mr Clement Davies and
Labour back-benchers for an outright assurance that fed
would not take place without the full support of the Africa
they clearly suspected that such an intention underlay the G
ment's actions, and a division on the procedural points a
became inevitable. There was, of course, the danger that t
of a division might be misinterpreted in Africa. But the
had, throughout the debate, made abundantly clear its una
on the principle of federation. The project seems to have e
perilous waters, but at least nobody doubts that ever
possible must now be done to convert African opinion.

The Dilemma of Egypt

THE appointment as Prime Minister of Hilali Pasha, the
of a long series of respectable dissidents from Nahhas's m
ment of the Wafd Party, reflects King Farouk's impatie

break its power by bringing home to it and to the country its misgovernment of the past two years. The rustication of the 'boss' Sirag ud-Din Pasha and another ex-Minister, and the removal of Mme Nahhas's private yacht from the handsome new quay provided for it out of public funds, may be the precursors of a purge operated under the law to investigate the origins of political fortunes.

The difficulty facing would-be reformers is that the Wafdist 'guilty men' still have the support of the city mobs, and that the loyalty to the Crown of the only countervailing force, the Egyptian Army, is not apparently assured for a variety of reasons. But these concern only surface symptoms of the radical diseases of Egyptian society—the ever more insistent contrast between the poverty of the masses which grows worse with the rapid increase of population, the corruption of an overgrown and underpaid bureaucracy, and the selfishness of a plutocracy whose offence to orthodox Muslim standards of conduct is one cause of the strength of movements like the Muslim Brotherhood.

It is natural that the Egyptian moderates, in these straits, should look to Britain for an immediate concession on the two points of Egypt's national aspirations—evacuation, and the Sudan—which would appease public opinion and so allow the Government to face the task of averting economic ruin and the threat of social revolution; but the dilemma of Egypt lies in the difficulty which Britain, as trustee for the West, finds in giving optimistic answers to the following vital questions:

1. In the present 'cold war', can Western control of the Canal Zone base, whose advantages include the unique asset of 'back door' access from the Red Sea, be given up without firm guarantees?

2. In the light of past experiences, what confidence is there that a future Egyptian Government would, in a grave international crisis, honour their word to re-admit foreign forces and not pursue the will-o'-the-wisp of neutrality? (The Egyptian counter-charge alleging repeated British failures to honour pledges to end the occupation evades this issue).

3. Is Egypt, who has hitherto offered the Sudan only provincial autonomy, prepared to meet the demand for at least 'dominion status', if not independence?

4. Are the fears of the 2½ million non-Muslim southern Sudanese understood—their memories of slave-raiding only two genera-

tions ago, and their consequent desire not to come under M
rule until they themselves have advanced towards pol
maturity under a benevolent tutelage?

If Britain and the West desire the friendship of Egypt an
Arab world, it is said, they must be prepared to take some po
and strategic risks; if Egypt's national demands were me
adequate supplies of modern armaments furnished to the
League, the League would participate in Middle East defence
might be ready to come to a settlement with Israel. But apart
scepticism on this latter point, so opportunely injected int
debate, what is the discount rate for Egyptian and Arab L
friendship over even a short period? And what arms has the
to spare for so uncertain a military and political factor?

The Soviet Budget for 1952

THE U.S.S.R. carefully guards as a State secret all stati
information, be it figures on production, on the number of wo
on trade, or on births, deaths, and movements of population.
disclosure of such figures is regarded as high treason. But tw
year the Government itself lifts a corner of the veil that co
the facts on the U.S.S.R.'s economy, and one gets a glimpse
development and trends. This is on the occasions of the a
report of the Central Statistical Office on the fulfilment of the
and the Budget speech of the Finance Minister at the a
session of the Supreme Soviet. Speeches of this nature are st
typed in the extreme, yet an attentive reader will find suff
material for a picture of the general trend.

One feature of this year's Budget speech[1] was that far
space than usual was devoted to the economic situation in the
particularly to the difficult straits in which France and B
find themselves. Last year this topic was dismissed with
generalities. This time, too, Mr Zverev was more definit
Russia's alleged foreign policy: 'The Soviet Union has no ag
sive plans whatsoever. She does not threaten any countries o
people. Her armed forces nowhere wage war and do not take
in any military operations.'

This declaration was made together with the announcemen
the new Budget had provided the necessary means for a fu
strengthening of the country's defence power. These appro
tions have, indeed, risen from about 21 per cent of total exp

[1] *Pravda*, 7 March 1952.

e in 1951 to 23·9 per cent this year, i.e. to 113,800 million ibles. In actual fact the increase is greater, in view of recent luctions in freight and fuel charges and in wholesale prices for a mber of heavy industry goods, such as metals, machinery and uipment, building materials, and others—reductions from which armaments industry will profit as much as other branches of economy. A comparison of the defence appropriations in the S.S.R. and in the West on the basis of their respective Budgets uld be quite illusory. In the U.S.S.R. the whole economy is tionalized and all investments, without exception, are reflected the Budget. The comparison with U.S. budgetary expenditure de by the Soviet spokesman has therefore no validity.

The total Soviet Budget for 1952 is considerably higher than it for 1951.[1] Revenue is planned at 508,800 million roubles, penditure as 476,900 million. Last year's planned revenue was ceeded by 10,000 million roubles (partly due to a higher yield of turnover tax). National expenditure fell short of the plan by o about 10,000 million roubles. For this no explanation was ered. Planned grants to the national economy were, in the irse of the year, increased by 1,000 million roubles; on the other id, the social services again had not made full use of their propriations (by nearly 2,000 million roubles). The share of ints to the national economy is slightly smaller (roughly 38 per it of the total as against 39·5 in 1951). For the second year runig the individual allocations to the separate branches of national nomy has not been disclosed, except for agriculture and estry, whose share has fallen from 22·3 per cent in 1950 (the ure for 1951 is unknown) to 19·2 per cent. Mr Zverev attributed s to a fall in prices for agricultural machinery. If this is due to general reduction in wholesale prices it is difficult to see why Ministry for Agricultural Machinery should benefit more by s (or have a higher productivity of labour) than the other nomic Ministries. Even allowing for the general slight cut in appropriations to the national economy, it would still seem t this has affected agriculture more than industry, despite the mer's repeated failure to reach the grain output and livestock gets. But of course the U.S.S.R. has other sources at her disposal, h as China, Manchuria, and the Eastern European countries.

[1] See *The World Today*, April 1951.

The Sterling Crisis

ONCE again, for the fourth time since the end of the war, G
Britain finds herself in a serious balance of payments crisis. '
best index of these difficulties is provided by the fall in the g
reserve. From a post-war high of $3,867 million reached on
June 1951, the reserve had fallen by the end of February 195
$1,770 million. In the first two months of this year gold was be
lost at the rate of $63 million a week, a rate which, if maintain
would have emptied the reserve in little more than six months. T
simple fact underlines the gravity of the situation and amply c
firms the widely accepted verdict that this latest sterling crisi
the gravest of them all. One might add that it must be the las
them all if the sterling area and the sterling system as we h
come to know them are to survive.

Before discussing the latest crisis it would be well to look b
briefly on the other crises that have punctuated the econo
history of Britain since the end of the war. Their cycle has b
curiously regular, falling with almost exact biennial accuracy.
the autumn of 1945 sterling faced a grave position. This was
to no ignoble or unworthy policies on Britain's part. It wa
reflection of the fact that during the war Britain's single-min
devotion to the cause of victory had caused her to fling export tr
to the wind, to liquidate a very large part of her most marketa
overseas investments, and to accumulate oppressive external de

It was on this weakened economy, sustained by Lend-Le
that the sudden cessation of this help fell with brutal suddenn
Fortunately, the impact of that blow was softened by the post-
credits raised by the British Government in the United States
Canada. One of the conditions attached to these credits was t
the pound sterling should be made convertible a year after
agreement came into effect, i.e. by July 1947. This convertibilit
sterling lasted no more than six weeks. It was put into effect l
before the necessary basic restoration of the British economy
balance of payments had been completed. In consequence
restoration of convertibility led directly to the second balance
payments crisis, which broke out in August 1947 and was o
ended with the suspension of convertibility of sterling. The p
tion was then eased by American aid provided under the Marsl
programme, which came into effect early in 1948. By the autum
1949, however, the disparity between costs and prices in the do

non-dollar world had become such that a major adjustment
to be effected through a devaluation of sterling and of most
er non-dollar currencies. That was the third of the post-war
ance of payments crises. The devaluation of sterling was forced
Britain after the gold reserve had sunk to no more than $1,400
lion. The sharp and probably excessive depreciation of sterling
an immediate effect on the balance of payments. It increased
orts, it reduced imports, and it also caused a considerable
ering of speculative positions against sterling which had un-
ibtedly helped the preceding drain on the reserve.

'he recovery in the gold and dollar reserve which followed the
aluation was further helped in the second half of 1950 by heavy
encan purchases of sterling area materials following the out-
ak of hostilities in Korea. The position had so much improved
by the end of 1950 the United States deemed it desirable to
all further Marshall assistance to Great Britain. But within
e months, in the autumn of 1951, precisely two years after the
aluation crisis, sterling was in trouble again. A sharp rise in
es of sterling area materials had been followed by a collapse
sed mainly by sudden American suspension of stockpiling.
primary producing countries for their part were still spending
importing at the high levels indicated by the previous high
es of their products, and the whole sterling area found itself in
ous deficit with the dollar world—a deficit which for the time
ig could no longer be bridged with American assistance.

'his two-year cycle of balance of payments crises seems to have
of its roots in the rhythm with which the United States has
eased and then decreased the scale of its imports of materials
e the end of the war. The American business situation must
be regarded as the dominant factor in the world economy.
ce the end of the war there has been a tendency for the United
es to build up their inventories one year and to scale down their
orts in the following year. The fluctuations have not been con-
rable measured in absolute or relative terms, but they have
ertheless been sufficient to have a serious impact on the balance
ayments of the non-dollar countries.

'his impact has been accentuated by two supplementary in-
nces. The first is the inevitable time lag between the moment
vhich the primary producing and exporting countries receive
benefit of the upswing in the American inventory cycle and
at which they pay for the imports based on these large exports

and high export prices. The Australian wool boom reac
peak in the early part of 1951, but the liberalization of Au
imports based on this boom did not begin to affect the Au
balance of payments until the second half of 1951, by whi
the price of wool had collapsed. The other factor which has
to accentuate the impact of the American 'inventory cycle
balances of payments of other countries is the force of spec
When the course of current transactions has swung against
there has been an inevitable tendency on the part of tra
over the world to delay their payments to the sterling are
hope that by waiting long enough they might be able to bı
sterling cheaper. Conversely, when the trend has been th
way purchases of sterling have been accelerated. As a resu
these various factors the gold and dollar reserve of the sterli
the only substantial monetary gold reserve held outside the
States, has had to take far more severe buffeting than the
fluctuations in international trade would seem to have jı
That, incidentally, is one of the reasons why it is so im
that this gold and dollar reserve should be raised to a rea
quate figure. It is only with an ample cushion of resen
sterling will ever be able to plunge into the invigorating but
waters of complete convertibility.

The reasons for the regular biennial cycle of these crises
however, provide the real causes for the weakness of sterlin
has manifested itself at such regular intervals. Those causes
readily summarized. Some of them are connected with lor
changes in the structure of the British economy. The
supremacy of Britain as an industrial, exporting, and fi
power began to be undermined towards the end of the nin
century, though there still remained a great deal of fat or
Britain could live without feeling the impact of this
deterioration. But that reserve was largely encroached upon
the two world wars, in particular by the sale of external
ments and accumulation of overseas debts.

After World War II Britain failed to adjust herself to th
realities of the new situation. She attempted to do too m
quickly—to rebuild her shattered houses and factories, to
exports, to maintain a comparatively high level of defensiv
ment including compulsory military service, to launch ar
tious social security programme. Not only did she try to
more from the receptacle of her resources than was put

it she further stimulated consumption by pursuing an excessively
eap money policy. Cheap money 'à la Keynes' may have been
lly justified in the 1930s when the world as a whole was facing
oblems of under-employment of human and industrial resources;
may also have been justified in a war economy, when the neces-
ry compression of civilian consumption and diversion of re-
urces to armaments must be achieved by physical and not by
onetary controls. But it ceased to be justified in the post-war
eriod when the problems against which Britain was struggling
ere those of over-employment and of an overstretched economy.
he result of these legacies inherited from the war and of the
istakes made in adjusting the economy to them was inflation, all
e more insidious in its effects for being suppressed in its symp-
oms by subsidies, appeals to restraints, control of prices, and other
evices which may have plugged the thermometer, but failed to
duce the patient's temperature.

The lesson taught by this experience, and by the repeated
alance of payments crises with which it was punctuated, was that
ere is an inexorable chain of action and reaction between domes-
c policy and external solvency. It was a lesson which the Labour
overnment was extremely slow to learn. The recognition of this
uth, and the setting in motion of the appropriate measures in the
eld of domestic policy, is one of the reasons for hope in the present
tuation. That situation, however, differs somewhat from the
revious balance of payments crises in two respects. In the first
lace, the balance of payments difficulties have been experienced
ot only in relation to the dollar world but also in trade with non-
ollar countries. As the Chancellor of the Exchequer pointed out
uefully in his first major speech in Parliament, 'all currencies are
ow, alas, hard'. The other unusual feature of the present crisis
that it is a crisis not merely of the United Kingdom but of the
hole sterling area. Nearly all countries which are members of the
erling area have been running balance of payments deficits. That
ct was clearly recognized when the Finance Ministers of the
ommonwealth met in London in the early weeks of this year. They
ecognized not only their common danger but their common
esponsibility for the grim situation which developed over the
econd half of 1951. They decided, in the light of that danger,
rst to take short-term measures such as import cuts to stop the
aemorrhage of gold and dollars, and in the second place to set in
otion more fundamental measures of a deflationary character

which in time might ensure the solvency of the whole sterling area and create a situation in which sterling could be once again a strong and convertible currency.

In Britain the balance of payments position is being tackled by a combination of short-term and more basic measures. In the broadest terms, the choice which faces the country is whether the crucial balance of payments situation should be met by more controls or by a drift into greater freedom within the context of a deflationary policy. This is the choice which, as might be expected, divides the two principal political parties. The spokesmen for the Labour Party have already pointed out that in the face of a loss of gold such as that being sustained at present the proper answer is to rely on physical controls, to cut harshly at all inessential imports, to curtail every available item of overseas expenditure, and by appropriate planning, direction of labour, and allocation of materials to direct exports to the markets where they will earn the most urgently needed currencies. To this school of thought a deflationary policy, the retrenchment of Government expenditure, any retreat however partial from the National Health Service, and even the hard money policy are completely irrelevant. They cannot be shown to have any direct bearing on the problem involved. In this logic there is still no admission of a link between domestic policy and external solvency.

The other approach, that of the drift towards greater freedom but within the context of a general deflationary policy, is that which has been followed, albeit haltingly, by the Conservative Government. In view of the urgency of the situation, it has been impossible to apply this policy undiluted by the physical types of control on which the Opposition would place its whole faith. Given the need to achieve results quickly, it has been necessary to cut imports, to allocate materials, and even to take measures to encourage the transfer of labour from less essential to more essential jobs. But this reliance on physical controls is now being made within a framework of dearer money and of retrenchment in Government expenditure. The mechanism of bank rate has been resurrected after a sleep of more than twenty years. The banks are once again aware that they do not have at their discretion an unlimited volume of credit which they can put at the disposal of trade and industry. The pressures which will be exerted at thousands of different points by the turning of the credit screw will in time achieve far more to adjust the British economy to the harsh realities of the

:-war situation than any measure of centralized direction. But
e adjustments will take time to complete themselves and may,
le they are being effected, create pools of short-term unemploy-
it in industries which have to release labour to others.
ne paradoxical effect of the cuts in imports is that they will
l to increase the forces of inflation, since there will be fewer
ds competing for the available volume of purchasing power in
hands of the public. That must also be the effect of any diver-
of labour and materials from industries working for the
lian domestic market to those working for exports and for the
nce sector of industry. The logical response to these cuts and
rsions is to be found in the last Budget, which must be looked
n not so much as an attempt to cover Government expenditure
ı an appropriate figure of revenue, but as an exercise in trim-
g effective demand in Britain to the supplies of goods that will
ıvailable after the defence programme has been met and a
cient volume of exports has been assured to achieve solvency
ıe United Kingdom balance of payments. Whether the Budget
achieve this wider objective is a question which it is difficult to
ver. It depends on the highly conjectural arithmetic of the
ional Income White Paper and on the verification of many
nates regarding consumption, investment, prices, exports, and
orts, regarding which past experience does not justify much
idence. The Budget is intended to achieve a normal revenue
lus of £511 million, which by all normal fiscal standards would
n adequate for this disinflationary task. Unfortunately normal
ria in this context are out of date. The Budget should, how-
, do a great deal to help the pound sterling. By shifting the
act of taxation from direct earnings to spending it should
ribute to higher production, which is the only really successful
in which the balance of payments problem can be solved.
eover, by reducing the subsidy element in the cost of living it
tend to raise the prices of certain British exports which in the
nt past have been selling below real cost and below the true
petitive level of world prices. In other words, the Budget
ld help to maintain the slight improvement in the terms of
e which have already begun. Finally, the cut in subsidies, allied
he sharp increase in the bank rate, should help to impress
ign opinion concerning the vigour with which Britain is
ling her balance of payments difficulties, and this, in its turn,
ld mobilize that always powerful factor, sentiment, in the

cause of the recovery of sterling in the foreign exchange markets of the world.

The measures taken in Britain both for the short and the longer term aspect of the problem are due to be paralleled by steps taken in other member countries of the sterling area. These other countries were somewhat slow off the mark in implementing the promises made by their Finance Ministers in the course of the January 1952 conference, but judging by the recent Australian import cuts, they promise to make up in vigour and severity for any deficiencies in the matter of timing.

It must never be forgotten that the sterling problem has to be judged in terms not merely of the United Kingdom but of the whole sterling area. This both complicates and reinforces the position. The sterling area countries regard Great Britain as their banker and maintain in London substantial balances—the latest total is around £3,000 million—which serve both as external reserves for their currencies and working balances with which to finance their external trade. These balances have unfortunately been inordinately swollen, partly through military expenditure incurred by Britain in some of the countries concerned during the war, but also as a result of deficits which have been incurred with some of these countries by Great Britain since the end of the war. These countries have access to the gold and dollar reserve which Great Britain, as the banker, maintains for the whole sterling area. When that reserve is under pressure, as it has been recently, there is an inevitable temptation for members to dip their hands a little more generously into the pool than they might otherwise do. There is no greater test of self-restraint than uncertainty about the behaviour of others in helping themselves to what is common property. It is, indeed, a wonder that this voluntary discipline should have been as great as it has in fact proved and that, by and large, the members of the sterling area should have observed the unwritten rules of the game with such a high degree of integrity. Nevertheless, this wide membership of the sterling club and the autonomy of most of its members in the matter of monetary policy and import licensing undoubtedly introduce considerable complications into the task of repelling the attack on the gold and dollar reserve of the sterling area.

At the same time, it is reassuring that the defence of that reserve can call to its ranks not merely the economy of the U.K. but that of the whole sterling area. The fact that sterling is an international

currency must unquestionably create greater confidence in the hope that the restoration of solvency of the area as a whole, and the rebuilding of the strength of sterling, will be successfully accomplished. One of the factors in that restoration is the resumption of American purchases of such essentially sterling-area commodities as rubber, tin, and wool. Here is a clear illustration of the manner in which the rest of the sterling area is pulling its weight in turning the tide that has recently been flowing so disastrously against sterling.

At the end of the Commonwealth Finance Ministers' meeting last January a communiqué was issued which bravely defined the convertibility of sterling as the objective to be sought by all sterling area countries at the earliest possible moment. There may have been an element of paradox in announcing that objective at a time when gold was flowing out of the reserve at a rate that could seldom previously have been attained. But the very danger in which sterling stood made the declaration of convertibility necessary. It was then recognized that if sterling was to remain permanently inconvertible the days of the sterling system were numbered. Out of the recognition of that danger and of the losses that would be involved, not only for Britain but for all members of the sterling area and indeed for the whole world, if the system were to disintegrate, there emerged this conviction that, come what might, the solvency of the sterling area, and particularly of the banker at the centre, must be restored and sterling must again be made a currency commanding the respect and confidence of the whole world.

What hope is there that this objective can be reached in the foreseeable future? For reasons which have already been given, and notably because of the rediscovery of the mechanism of credit control, it may be hoped that Britain will in due course find herself able to balance her overseas payments. The cuts in imports and the other measures of a short-term character are expected to ensure equilibrium in the balance of payments by the end of this year. The modicum of American aid offered in connection with the Defence Programme, the resumption of American buying of sterling materials, and the stimulation of the export drive from Great Britain should before long have the effect of building up the gold reserve from the low point which it has reached. A settlement of the Iranian oil dispute would in itself provide a substantial contribution to the rehabilitation of the sterling area's dollar position. But

while it is one thing to foresee an early restoration of bare
account equilibrium for the sterling area, it is quite an
anticipate a rebuilding of the gold and dollar reserve to the
at least $7,000 million which would be necessary in order
the convertibility of sterling even for current transactio
regarding convertibility for capital operations) a safe and
cable operation. If the reserve is to be built up to this figu
external assistance, provided perhaps by a revived Inter
Monetary Fund in Washington, will have to be forth
Moreover, to make the prospect of convertibility permane
be necessary for the United States to adopt a far more lib
port policy than that of which it has yet shown itself capa

The emergence of Great Britain and of the sterling area f
present balance of payments crisis is essentially a task wl
countries concerned must accomplish unaided. It can be
that a promising beginning has been made in tackling that p
But the creation of international trading and financial co
in which the pound sterling and other currencies outside th
bloc can again become fully convertible is a much wider ol
The responsibilities for attaining that goal spread well bey
confines of the countries which now find themselves in diff
They extend not least to the United States, which has yet t
its import policy to its position as the world's greatest ex
and creditor nation.

Reforms in Argentina

The Economic Consequences of 'Social Jus

AMONG General Perón's harshest critics are those who n
that all his policies are unsound, or even ruinous, and tha
motives are sinister. Other observers have sought to rede
from utter condemnation by finding praiseworthy achiever
his credit and claiming that he is not so totalitarian as he is
Even if all the facts could be collected together it would
difficult to form a conclusive opinion. At the most all that
attempted is an examination of the main economic develo
arising out of the application of the principles of Peronismo

The key-note of Peronismo is 'Social Justice', and the o

to decide whether the policy is sound or ruinous is to consider whether the people of Argentina are better or worse off than before. This involves a brief summary of the principal reforms introduced by General Perón and his colleagues, and their effects on the economic and social life of the country. Some of these reforms, excellent on paper, have had results the reverse of what they seemed to intend. The explanation of this apparent paradox is to be found in, for instance, the wrong timing of intrinsically sound reforms, or the disregard of related factors, or even in the suspicion that legislation has been enacted as a piece of façade-building whose real intentions, as has been suggested in an earlier article,[1] differ vastly from its ostensible purposes.

The reform of the Constitution in 1949 brought in a number of new precepts that were very different from the liberal ideas of 1853. In connection with private property and private enterprise in the economic field, the reforms amounted to giving the State the right to intervene in any activity and to monopolize any business 'in the public interest': in addition, both foreign trade and all public services were made State monopolies in principle—though it is true that the principle has not yet been fully applied in practice. The effect of these changes on the country's business interests was to engender an acute feeling of insecurity, and consequently a reluctance to make long-term investments: some such insecurity and reluctance already existed as a result of the increasingly rapid inflation, and they have undoubtedly increased with the growth of State powers.

LABOUR LEGISLATION

General Perón claims that before he began his great work, which was in 1943 as the first Secretary of Labour and Social Providence,[2] Argentine labour was overworked and underpaid, that Argentina under a Conservative Government was being exploited by the 'oligarchy', and that it was a country of rich and poor.

Much of this is, with reservations, true; but many of the changes for which General Perón takes personal credit were already beginning to occur before his arrival. His success derives mainly from his having had the astuteness to see which way the trends were moving and to place himself ahead of them, thus giving the im-

[1] 'The Argentine Façade', in *The World Today*, January 1952.
[2] This is one of several possible translations of the name of the Department now called *Ministerio de Trabajo y Previsión Social.*

pression that he alone was responsible: the effect of this was of course to accelerate the movements considerably, perhaps with unfortunate results. It may be argued that if the social and economic changes had been allowed to happen at their own speed and of their own accord, many of the recent disruptions might have been avoided.

Some time before the beginning of the war the movement of labour away from agriculture towards the cities, principally Buenos Aires, had already begun to create a body of urban industrial workers. Their standards of living were not high, for, although they obtained better wages, these were offset by the higher cost of living in the city. But the stimulus that industry received from the war greatly increased the demand for workers, so that labour's position grew constantly stronger. General Perón saw that the trade unions would become powerful, so he encouraged them and became their champion. This seemed to ensure their loyalty to him. He saw that all the social benefits that had been somewhat laboriously obtained by the older, larger, and better organized unions would eventually be claimed by the newly organized sectors of labour, so he issued legislation to concede benefits that the unions were then only beginning to demand. It did not require any technical knowledge to see that there were two aspects of the centripetal economic trend. Labour was migrating to the city, where it was beginning to form a cohesive and easily accessible electorate, and capital was also moving towards industry and commerce where prospects were better than in farming. Industrial workers were becoming more important, even numerically, than rural labourers; and industrial magnates were beginning to amass fortunes as great as those of the landowners in the 'bad old days'. General Perón encouraged both movements: labour was his main electoral support, and the magnates would be his financial support.

When General Perón came to power a well-intentioned though somewhat shaky and limited social insurance organization already existed in several of the older activities. There were several pension funds, both State and private, giving retirement and disablement pensions and allowances for widows and orphans, and a law stipulated the payment of dismissal compensation to employees in certain circumstances. These provisions were mainly confined to Government employees, the clerical grades in industry, and permanent labour on a monthly salary, and did not apply to day labourers or casual hands; and they were not operative in all

branches of industry and commerce. One of the largest and oldest of the pension funds, for instance, was that of the railway workers, whose union organization was of many years' standing and therefore had had time to establish a form of social insurance, which served as a model for the newer unions. Several of the large industrial and commercial firms also had their private pension schemes, which were generally considered to be financially more stable than the official funds. General Perón extended the pension fund idea to embrace all workers, except domestic servants, and all the existing funds, together with new ones, were brought under the control of a body created for the purpose called the *Instituto de Remuneraciones*. This centralization may have had certain advantages, and its more rational organization certainly had beneficial effects in reforming some of the funds that were in financial difficulties, such as the railway fund which was more or less chronically insolvent, partly through mismanagement of its investments, and partly because of inadequate actuarial study on terms and conditions of retirement.

A criticism made at the time of these reforms pointed to the fact that the relationships between contributions, pension allowances, and retiring ages were faulty: that the early retiring age of fifty-five —in some funds it was fifty—in conjunction with fairly generous pensions and not unduly onerous contributions was bound to result in financial difficulties; but as the *Instituto* gained experience these points became apparent and certain modifications were introduced.[1] The evident need to encourage skilled workers to continue working after the age of fifty-five may prompt further modifications.

The dismissals law was modified to include a greater number of working people, and the amount of the compensation payable was increased from half a month's to a full month's pay for each year of service. In a time of full employment, and even of labour shortage, such as has prevailed in Argentina for some years, this ruling encouraged what came to be known as the 'dismissal industry': that is to say, a worker or employee who obtained an offer of better employment would not resign from his old job—which would mean foregoing compensation—but would engineer his own dismissal.

Another innovation, for which General Perón was much praised by his supporters, was the introduction of the annual bonus. It had long been a practice among the more prosperous concerns to

[1] The rate of contributions from employer and employee have recently been increased from a total of 19 per cent of wages to 25 per cent.

pay their staff a bonus at the end of the year; perhaps a month's salary, or even more. General Perón made the payment of an extra month's salary universally compulsory, regardless of the employer's capacity to pay; and shop assistants now receive a second bonus at the half-year. The principles of paid sick leave and paid annual vacations were also extended to many classes of workers where they had not previously been in force.

Apart from a certain amount of capital lent or given by the Government to the *Instituto de Remuneraciones*, none of these reforms really cost the Treasury much[1]: the main incidence fell on employers, whose wages bills were increased by some 60 per cent or more. These policies, though carefully planned politically, were designed with insufficient attention to the problems of productivity and inflation. The greater part of Argentina's industrial growth, during and since the war, has taken place without very extensive purchases of modern machinery, and has been based more on an increase in the labour force than on improved methods and techniques. The output per man-hour has therefore been mechanically limited:[2] the 'labour content' of prices was, and is, high in relation to capital amortization costs, and every wage increase or social benefit charge consequently affects prices more closely than in countries where industry is better equipped. It therefore stands to reason that a high standard of living, or real wages that are reasonably high in relation to prices, would depend either on a greatly increased volume of capital investment or on an unusually high standard of labour. Neither of these conditions has been present in Argentina: 'social justice' has increased wages, and labour costs, without being able to place an effective check on prices—as it clearly could not do without excessively costly subsidies—and it has given labour an unprecedented amount of power without much discretion in the use of it.

It would almost seem that labour, having listened often enough to the General's exhortations for increased production, and understanding enough of the economics of the situation to realize that a low productive level places the Government in an increasingly awkward position, is using low output as a weapon against the authorities when relations become strained. General Perón has always expressed himself as being strongly in favour of trade

[1] By comparison, that is, with other items of expenditure. See Table I, p. 156

[2] It was estimated in 1949 that the average installed power per worker was about two horse power in Argentina, compared with six or eight horse power in North America.

m,[1] and he has given the unions every encouragement: but
s on their status may prove increasingly unpopular. When
ns were strengthened and organized under the *Confederación del Trabajo*—the officials of which were reliable Peronistas
status was regulated by legislation under which the Govern-
ves them 'protection' and facilities. This appears to be a
constructed piece of the façade: what the Government
does is to concede, or withhold, or withdraw its official
ion of a union, embodied in the concept *personería gremial*[2]
n personality'. The possession of this official recognition is
l for a union to be able to exist and conduct its affairs. It
pened more than once that a union, pressing for wage in-
or other concessions, and meeting with resistance and failing
n the support of the Ministry of Labour, declares a strike.
Ministry does not support the claims, and disapproves of the
t may declare it to be illegal: if the strike continues, the
y counters by withdrawing the union's *personería gremial*,
strike then assumes the status of sabotage or subversive
y a number of individual citizens, to be dealt with accord-
n a strike of railway workers a year or so ago, which reached
ge, General Perón's solution of the impasse was to call the
the colours and place them under military discipline: they
ed their work under military orders. A refusal would pre-
y have amounted to mutiny.

ironical, and a trifle ominous, that the State—which now
e railways, has munitions factories, and can intervene in
vity—is finding itself more frequently in the role of em-
n labour disputes. The encouragement given to strikers
arly days is beginning to have embarrassing results for the
's Apprentice: not only is tension increasing between the
and the Government, but the fact that strikes occur with
ng frequency, as the Ministry of Labour makes some
to check the rapid increase in wages, further reduces
ivity by the loss of man-hours involved.

[1] s expounded a theory, called the 'Syndicalist State', of a more or less
ist nature, under which he foresees that congressional representation
y trades and occupations in addition to representation by electoral
The Constitution of the new Province of Presidente Perón (formerly
of El Chaco) foreshadows this development

[2] xtension of the concept of *personería jurídica*, or 'legal personality',
possessed by companies and institutions, usually distinguished from
física—'physical personality', or individual existence, which all
ossess automatically.

The economics of the situation are easily analysed, though tl cure is by no means easily applied.

The principal ingredient in Argentina's inflation is now tl conjunction of low productivity and high wages: goods are in sho supply, and unit production costs are high, with the natural coı sequence that prices rise, both through costs and from the pressu of demand. The large volume of purchasing power resulting froı high wages thus forces the cost of living upwards and makes furth wage demands necessary. Inflation is likely to continue until som means can be found of increasing the level of productivity so as ı reduce unit costs and improve the supply of goods.[1] Extensi mechanization and re-equipment would of course help, but the are many obstacles to overcome before any significant improveme can be expected in that direction: meanwhile there is little doul that the labour force could improve its own productivity with tl existing equipment.

These matters give rise to a question of some importance: ho has the Argentine industrial labour force become collective vitiated? As an individual, the ordinary Argentine working man industrious, skilled, and honest; and the craftsman or mechanic equal to any in the world, and better than many in ingenuity ar inventiveness. Pride of workmanship and devotion to a job were ı the past to be found anywhere in the country, and the quality ı Argentine manufactures used to be excellent. The present irrespon ible attitude, which extends into the clerical classes as well, is n natural: its growth corresponds roughly with the rule of Peronism but the suggestion that General Perón has brought it about l conferring social benefits and by encouraging labour to use i power is not an adequate explanation. It seems more likely that, the first place, the union leaders and officials may not be ideal m for their positions: they are bound to be loyal or ardent Peronista which amounts to suggesting that they may be turbulent ar ambitious types; and it is probable that the more sober and r sponsible men prefer not to be associated with Peronismo. In tl second place, in addition to the moderate increase in real wage

[1] From 1939 to May 1951, the purchasing power of the Argentine peso w estimated to have lost 77·4 per cent of its value. (International Monetary Fun *International Financial Statistics*, 1951).

[2] The increase in nominal wages is enormous, but it is largely offset inflation: 'real wages' are calculated by relating nominal wages to the cost living, and the increase, which had reached 37 per cent between 1943 and 194 has now disappeared through rising prices, and in August 1951 real wages we back at the 1943 level. They may now be lower.

there has been a substantial increase in family incomes through the unprecedented employment of women. It is a commonly observed fact, by no means confined to Latin America, that an increase in the rate of income does not always result in a proportionate increase in consumption or in savings, but in more leisure, or lower output.

Thirdly, and this is possibly the most influential factor, inflation and Government intervention have promoted an almost universal feeling of insecurity, both financial and social. Inflation discourages saving and thrift by reducing the purchasing power of nominal sums saved: rising prices tend to promote immediate expenditure, in anticipation of further rises; and labour's strong position has engendered the knowledge that wage increases can be obtained fairly easily. There is, in short, a lack of stability which itself promotes further inflation and continued insecurity.

The feeling of insecurity also affects employers, especially in the smaller concerns: against rising production costs and a permanent doubt as to whether the burden can be passed on to the consumer, there is the constant fear of a strike, of new and more onerous wage demands. The smaller employers tend therefore to accede to, or even to anticipate, their workers' less important demands, as to working hours and holidays for example, and to ignore absenteeism, rather than arouse any sort of dispute. It is hardly worth while, in short, trying to exercise any sort of discipline. The less responsible labour element naturally takes advantage of this situation, and the good workers tend to become embittered at a state of affairs in which devotion to their jobs counts for nothing.

Peronismo has accelerated the social and economic changes to such an extent that the old order—which, whatever its faults, had some stability—has been eliminated before anything could be found to take its place. The doctrine of Peronismo is coherent enough on paper, but it is meaningless in the inflationary circumstances which it has itself accentuated. The working people are not fools—*La Prensa* used to be widely read among them—and they see through the façade in many places. Unhappily they see nothing to take its place, and it is only natural that, in times of such insecurity, they should get what they can out of the situation.

PUBLIC FINANCE AND ECONOMIC CONTROLS

The most striking feature of the financial and economic policies followed by General Perón's Government is, on one hand, the vigorous promotion of inflation by the Ministry of the Exchequer,

and on the other hand the most elaborate campaigns against it conducted by other departments. The inflationary policy followed in the national Budgets, for instance, is real and effective, whereas the campaigns have been directed chiefly at the symptoms of inflation and not at the causes. As well as being a piece of façade-building, these campaigns have attempted to check profiteering and, as it were, to reserve the promotion of inflation for official action.

TABLE I

ARGENTINE NATIONAL EXPENDITURE[1]
(in millions of Argentine paper pesos)

	1946	1947	1948	1949	1950	1951–2
Administration, financed by general revenue	2,123·7	2,735·1	3,740·1	4,477·0	5,102·3	4,844·0
Investments, etc. financed by borrowing	955·9	1,267·2	2,954·2	2,728·0	2,739·7	1,059·6
Public Works	408·6	507·6	571·4	589·5	485·1	
National Defence	487·3	489·4	983·1	705·7	611·6	
Grants and Contributions	60·0	217·0	146·5	164·9	77·1	
Five Year Plan 1947–51	—	53·2	1,253·2	1,267·9	1,565·9	
Special Accounts	113·6	185·2	288·6	577·5	893·7	1,987·9
Autonomous Departments[2]	n.a.	n.a.	n.a.	4,030·0	5,022·7	5,987·9

The basis of the financial policy has been lavish expenditure on public works, 'defence' (meaning armaments and the armed forces), and other items, some economically productive and others not so. This expenditure has been financed by taxation and by borrowing—that is, the issue of securities. This has resulted in increasingly heavy taxation, which even appears to threaten the financial stability of the productive economy, and in a mounting national debt to be shouldered by future generations.

The Peronista Government has been pursuing two policies simultaneously with regard to private enterprise and its profits. The rigid control of agricultural prices, enforced with the object of preventing increases in the cost of living for urban workers, has made it virtually impossible for the farmers to make profits, and has further impoverished an already far from prosperous sector of the economy. At the same time, industrial profits, which were not

[1] 1946 to 1950: accounts published by the Ministry of the Exchequer. 1951–2: bi-annual budget submitted to Congress: results for 1951 not yet available.

[2] 1946–8 figures not available. The 'Autonomous Departments' raise their own revenue and control their own expenditure independently. Chief among them is the *Instituto Argentino para la Promoción del Intercambio* which at the end of 1950 was indebted to the official banks to the extent of 8,369 million pesos.

ted to such restrictions, have been heavily taxed to provide ate's revenue. The effects are somewhat similar, though, for a y of reasons, the position in agriculture is worse—being d to the fact that farming has not had a real run of prosperity 1929, whereas industry was making substantial profits until 1945. Another difference is that in all sectors of industry not cing essential consumer goods there is greater elasticity in

.

e impoverishment of agriculture through controlled prices ave often been lower than production costs, or at best only ly higher, has resulted in a severe falling off of production, has coincided with a considerable increase in domestic contion, both from the increase in the urban labour force and higher wages. Not only has Argentina found it increasingly lt to fulfil a number of export commitments, but there have food shortages in the city of Buenos Aires and its suburbs. xistence of ceiling retail prices has favoured a black market: odities cease to be obtainable at the official price, but may imes be had 'under the counter' at three times the price.
s of interest to consider the three basic foods, bread, milk, neat. The repressive policy on grain farming reduced the sown to such an extent that recent wheat harvests, with none vourable weather, have come down to some 5 million tons, npared with a pre-war normal, for a good year, of 10 million Home requirements for food and seed have increased from 2½ million tons. The last harvest, despite a slight expansion of ea, was ruined by the 1951–2 drought and has been estimated y 2½ million tons, which is insufficient for domestic needs. nly has Argentina ceased momentarily to export wheat, but may be bread shortages. Dairy farming has gone the same price control and exiguous profits have resulted in a severe e in both the quantity and quality of dairy cattle, and milk utter are in short supply, also accentuated by the two hts. The beef cattle population increased as many farmers l from arable to pastoral farming, and the number of cattle tered annually rose by 32 per cent from 1937 to 1950: but vas only because stock-raising was less unprofitable than farming, not because it was really prosperous, and the increase duction was at only a little over half the rate of growth of stic consumption, which rose by 60 per cent in the same l. The two droughts have reduced stocks so severely that

General Perón has had to decree two meatless days a week: on one day no cattle are to be slaughtered, to avoid excessive depletion of the stocks; and on the other the total slaughtered is to be exported. This should provide perhaps one million head for export, and may reduce domestic consumption by two million head (see Table II.)

The severe reduction of the number of animals entering the packing plants for export has greatly increased unit processing costs: the companies are bound by an agreement with labour not to dismiss men or reduce wages, even though there is less turnover. For some three years the Government has had to finance heavy operating deficits in the plants, and a recent utterance of General Perón's on the price that will be demanded of Britain in the future relates to this fact.

TABLE II

CATTLE STOCKS AND SLAUGHTERING

Cattle Population

1947 Census	41 million head
November 1950 official estimate	45 " "
1950, U S. Dept of Agriculture estimate	43 " "
1951 private estimate[1]	30–35 " "

CATTLE SLAUGHTERING IN REGISTERED ESTABLISHMENTS

	For Export		*For Local Consumption*		*Total*
Year	*Thousand Head*	%	*Thousand Head*	%	*Thousand Head*
1937	2,418·4	33·8	4,742·5	66·2	7,160·9
1940	2,120 9	30·4	4,862·8	69·2	6,983 7
1946	1,699·9	23·7	5,486·4	76·3	7,816 3
1948	1,755·1	20 4	6,841 7	79 6	8,596 8
1950	1,807·2	19·2	7,589 3	80·8	9,396 5
1951 (est)	1,000·0	12·5	7,000·0	87·5	8,000·0
1952 (probable)	1,000·0	15·2	5,600·0	84·8	6,600·0

It is commonly calculated that 24 per cent of cattle stocks is available for slaughter annually. A year's total of 10,000 head slaughtered presupposes stocks of 45 million head. On the basis of stocks of 30 million head, slaughterings for a year can hardly exceed 7,200 head—insufficient for local consumption—without seriously depleting stocks. The estimate of stocks for 1951 is based on a calculation that some 9 million head perished in the drought of 1950–1 and that poor pastures caused breeders to send in animals for slaughter that they might otherwise have retained. The recent drought of 1951–2 may have reduced stocks still further, perhaps to less than 30 million head.

Other food subsidies, chiefly for the domestic market, have been

[1] Quoted in *Review of the River Plate.*

in force at various times, and have been extremely costly to the Treasury as increases in production costs forced the authorities reluctantly to allow higher prices for the producers. Latterly the tendency has been to reduce the subsidies and to allow slight but usually inadequate increases in retail prices.

Simultaneously with the policy of controlled prices for essentials the Peronista Government has pursued every possible means of increasing its revenue. Activities that are not concerned with controlled goods are subject to an excess profits tax, levied on profits in relation to working capital: the taxation authorities ignore the disparity between the purchasing power of the peso of the moment and that of the peso in which the capital was originally formed, which, as explained in an earlier article, results in capital erosion; and an incidental profits tax, or capital gains tax, levied on the difference between the purchase price and the sale price of assets—real estate, securities, machinery, and so forth—falls heavily on a profit margin which is often no more than a compensation against inflation, and is applied mathematically, regardless of when the purchase was first made.

These two taxes, which are additional to income tax and other levies, are not only sapping the country's capital resources but they are also depriving industry of the necessary security and incentive for solid expansion. Their effect is inflationary in that, wherever possible, prices are increased higher than would be necessary if the taxes did not exist; their restrictive effects on industry retard the introduction of better machinery and methods and perpetuate uneconomical systems; the uses to which their revenue is put increase the demand for labour and materials and release still more purchasing power into the economy through wages and purchases.

It is impossible to state exactly what proportion of the Government's expenditure over recent years has been truly productive, and to what extent productive expenditure has been wisely and economically made. A study of the national Budget figures or general expenditure accounts, such as are usually published,[1] is not very revealing. There is a distinction between 'national defence' and 'public works' or 'Five Year Plan', but the two latter items include such projects as the gigantic and quite useless Ezeiza airport; dams for irrigation and hydro-electric generators that have got no further than the dam; or the famous 'gasoduct' to pipe natural petroleum gas from the oil-wells of Comodoro

[1] See Table I, p. 156.

Rivadavia to Buenos Aires, constructed over some 1,50
at enormous cost, whose usefulness has still to be proved.

CONCLUSION

The soundly productive schemes amount, economically,
enforced canalization of some of the country's investing ca|
and, although the effect may be temporarily inflationary, th
mate purpose justifies the expenditure: the unproductive sc
are simply a wastage of the country's capital resources. The p
of cheap foods similarly amount to a depletion of agrici
capital: as every farmer knows, profits have to be plougher
into the land in one way or another, and the main capital i
ment of agriculture is fertility. When profits are cut to too
level fertility will eventually decline. It is therefore arguabl
general thesis, that for some years, certainly since 1947, Arg
has been living on its capital. Inflation, and low productivit
high consumption, has depleted the capital resources of the lai
industry: the loss of much of the country's former exporting
city, and so of its foreign purchasing power, is a symptom c

The position is further complicated by the fact that a re
of the capacity to export depends to some extent on impor
agricultural equipment, pedigree livestock, fertilizers, a
forth—as well as on a system of prices that will give farmers
profits to 'plough back'. But if imports are unobtainable the
steps would have to be in policy reforms.

The problem for the future is how to restore the cou
productive capacity, which involves the restitution of the c
that has been drained away. New capital is required in
quantities, and it can only be found at home by means of p
that would encourage saving and hard work: this in turn
checking inflation. In other words, recovery depends prin
on a general reversal of many of the Peronista policies and sc
the reforms.[1] The rural exodus would have to be checked a

[1] A few months ago General Perón announced that grain growers
receive a proportion of the profits on grain exports, in recognition c
contribution towards the achievement of 'economic independence'
encourage production Although this has given some stimulus to grain s
in the 1951–2 agricultural year, the shrinkage over recent years has b
great that recovery is bound to be slow. Moreover the farmers are so accu
to empty promises that only a real improvement in prices, and money i
pockets, will encourage them—and enable them—to expand their prod
Since there is no likelihood of abundant harvests in 1951–2 it is hard
how export profits can be very substantial at current international pric
although General Perón's promise may signify a slight change of pol
effect, if fulfilled, can hardly be impressive—a fact of which he must be

tensive land settlement schemes devised; food prices would have to find their economic level; industrial expansion might have to be temporarily discouraged, and even some expurgation of unnecessary industries might have to be undertaken, whatever the immediate consequences; and the attitude of the labour force would have to be reformed—which should in theory be possible without the loss of the positive advances made in social benefits.

The transition would require a great deal of wisdom and courage, but there is no lack of intelligent men capable of achieving it, though they may not perhaps be found in the Peronista Party. That it is possible of achievement there can be little doubt, since Argentina is potentially one of the richest agricultural countries in the world, and her vast resources could in time be mobilized again. A few years of rain and really wise policies would result in impressive changes: in the absence of rain the policies would have to be even wiser. Very careful attention would also have to be given to budgeting and official expenditure: the direction and purposes of taxation would have to be modified, and Government investments might have to be more concentrated on agricultural improvements than they are at present.

The doctrine of 'economic independence' in conjunction with the lack of rain has given rise to a situation that is more disastrous than could have been foreseen even three years ago. There is clearly no need for Argentina to revert to a purely agricultural economy: the achievements of industry have been remarkable and of real value, but the restoration of trans-Atlantic trade is essential if industry is to expand and improve, and Argentina's trade depends on agriculture, as does her industry for many of its raw materials.

General Perón is faced with the need to choose between a reversal of his policies and the exercise of an ever tighter grip on the economic and political affairs of the country. So far his changes of policy seem to have been somewhat half-hearted, while there is no indication that the grip is relaxing.

The question that has exercised many minds for some time is how long Peronismo will last. The General has claimed that it will outlive him, but that was said some years ago before the economic disruptions began to make holes in the façade. Peronismo seems less attractive to the working people when there are food shortages in what used to be the best-fed city in the world. The answer must depend on the rainfall. A few good years would keep things going more or less as they are, with perhaps some improvements if

General Perón's promises to the farmers were adequately fulfilled. Another year's drought might be disastrous, not only for the economy, but also for the regime. To say that everything depends on the amount of rain that falls between now and the end of the year would be an exaggeration, but in the last analysis that is almost what the position amounts to.

D. H.

Greece, Turkey, and N.A.T.O.

ALMOST exactly five years after the adoption of the 'Truman Doctrine' providing for aid to Greece and Turkey, these two countries have become fully fledged members of the North Atlantic Treaty Organization. Between them they possess the two largest land armies of N.A.T.O. in Europe—more than thirty divisions of well trained soldiers schooled in the use of modern equipment by British and American advisers.

Greece and Turkey were two of the first victims of the so-called 'cold war'. The Soviet war of nerves against Turkey started early in 1946, while Communist guerrillas in Greece threatened the very existence of that harassed country. It was natural that these two exposed countries should be attracted by the new security system of N.A.T.O. Turkey was already linked with Britain and France through the mutual defence treaties of 1939, but she not unnaturally wished for a guarantee of immediate American assistance in case of attack. The two Mediterranean countries first formally applied for membership of N.A.T.O. in April 1950, but at that time they were supported only by Italy. In September of the same year they were invited by the North Atlantic Council, at its meeting in New York, to become 'associated with the appropriate phase of planning work of N.A.T.O. with regard to the defence of the Mediterranean'. Turkey, in particular, was unable to understand why full membership had been refused; she was alarmed by what appeared to be a lack of appreciation, on the part of the United States, of the importance of the Middle East, and General Bradley's reference to Turkey, in a newspaper article, as one area where the United States should not allow herself to be involved in a 'local' war, did nothing to allay her fears.

At the beginning of 1951 the Turkish Ambassador in Washington proposed that the United States should join the Turkish-British-French defence alliance of 1939. The United States rejected this proposal as having a too limited application. It took no account of Greece and, furthermore, under the terms of the 1939 treaties Turkey was explicitly excluded from taking part in a war against the Soviet Union. United States policy had by this time shifted in favour of the admission of Greece and Turkey to I.A.T.O., but the State Department was reluctant to press the ssue in face of the objections of other members of the Treaty. Reports of the increased arming of the Balkan satellites, and the itensification of the Cominform threats against Yugoslavia, rought home the need to protect the southern flank of General Eisenhower's command. Mr Venizelos, in a press interview,[1] varned the West of the dangerous situation existing in the Balkans nd called for a military alliance between Greece, Turkey, and Yugoslavia to be linked with General Eisenhower's command. The Jnited States air experts were strongly in favour of the admission of Turkey, since she refused to consider leasing air bases n her territory unless she were admitted to the Treaty organiation. It was argued that, in the event of a Soviet attack on Vestern Europe, if Turkey were a member of the Atlantic alliance Jnited States bombers could attack the Trans-Caucasian oil fields, he industries of the Urals, and Russian supply lines from Turkish ases. A purely Mediterranean agreement, on the other hand, would ive no guarantee that Turkish air bases could be used against Russia in the event of an attack on Western Europe.

By May 1951, after a series of meetings concerned with the ecurity of the Middle East and Mediterranean, including visits to Turkey by Admiral Carney and Mr Finletter, U.S. Secretary for Air, the United States formally proposed to the other members of I.A.T.O. that Greece and Turkey should be admitted to full memership. Many objections were raised. The Scandinavian and Benex countries feared that the extension of the Treaty might drag hem into a war in the Mediterranean, an area in which they had ttle interest. Treaty members objected that the addition of two nore countries to the Organization might reduce their own supplies f arms and equipment from the United States, although both Greece and Turkey were already receiving considerable American nilitary and economic aid. A more serious objection was that the

[1] *Daily Mail*, 19 February, 1951.

North Atlantic alliance was meant to be more than merely a military alliance. It was hoped that it would form the nucleus of a future North Atlantic Community. Greece and Turkey, it was argued, did not, either by culture or by tradition, fall naturally within the framework of such an Atlantic Community. The United States pointed out that both countries were already members of the Council of Europe and of the Organization for European Economic Co-operation. There nevertheless remained a real fear that the extension of the alliance might rob it of its defensive character.

BRITAIN AND MIDDLE EAST DEFENCE

Until late in July 1951 Great Britain remained one of the principal opponents to the admission of Greece and Turkey to N.A.T.O. This opposition arose mainly from her different conception of how the defence of the Middle East should be organized. The main preoccupation of the United States had been with the securing of the southern flank of the S.H.A.P.E. command and with the establishment of strategic air bases in Turkey. Great Britain, on the other hand, wanted a separate Middle East security organization based on the British Middle East Command which would take into account Commonwealth contributions and the Arab countries, particularly Egypt. She felt that there was a danger in extending the S.H.A.P.E. command as far as the Caucasus, deep into continental Asia, and she would have preferred to link strategic planning for Greece and Turkey more directly to the Middle East than to Western Europe. Moreover the controversy over the Atlantic command had made her sensitive to the placing of British Mediterranean forces under an American Commander.

Field-Marshal Montgomery was believed to favour the establishment of two new commands which would be directly responsible to the N.A.T.O. Standing Group in Washington but separate from General Eisenhower's command and, within their respective areas, equal to it in authority. The first of these proposals was for a Middle East treaty organization which would include Turkey, Greece, and Middle Eastern States such as, presumably, Egypt, Syria, Jordan, Iraq, and perhaps eventually Pakistan and Israel. The main objection to this project was that it would inevitably encounter serious political difficulties arising out of the strained relations between Israel and the Arab States and from the disputes with Egypt and Persia. The second proposal was for an independent command for the Mediterranean, to include air and naval

ut not ground troops. An Admiral would be Commander-
of the Mediterranean and would be directly responsible to
ıding Group in Washington.
al of a good deal of British thinking on this subject was an
ve plan put forward by a leading British military corres-
, Lieut.-General H. G. Martin.[1] He argued that Greece's
interests lay in the Adriatic, Ionian, and Aegean seas, and
ece—with Yugoslavia, should she wish to co-operate with
).—would fall naturally into General Eisenhower's Euro-
nmand, which already extended to the Mediterranean and
h-west frontiers of Yugoslavia. Turkey, on the other hand,
ng a key position at the junction of Europe and Asia, should
ading part in the defence of the Western world, both by
new strength to the southern flank of General Eisenhower's
ıd and by playing a predominant role in the defence of the
East. Turkey, General Martin pointed out, is concerned
with the defence of her eastern and southern frontier on the
of the Anatolian plateau. General Eisenhower's main con-
with the defence of the Elbe and the Rhine, and it would
e be a mistake to include Turkey within the S.H.A.P.E.
ıd. General Martin urged the creation of a separate Middle
mmand comprising the United States, Great Britain,
Turkey, South Africa, Australia, and New Zealand as
members. Egypt, Libya, and other States in the Middle
ıld be eligible for inclusion by invitation. The headquarters
anced base of the command should be in the Canal Zone.
should receive the assurance that she would not be asked
troops abroad if this meant jeopardizing her own security.
ddle East command should receive its directives from the
gton Standing Group, which would have co-opted a
member for this purpose, and it should be in close liaison
I.A.P.E. and with naval commands in the Mediterranean,
Sea, and the Indian Ocean. Finally, the command would
te an agency through which military aid would be chan-
the States of the Middle East.
are many obstacles to the British attitude in favour of a
nception of Middle East defence, the chief of them being
ttled political situation prevailing in that area. An organiza-
ich included Great Britain, Egypt, the Arab States, and
uld not possibly come into existence until the issues which

[1] aily *Telegraph*, 6 September, 1951.

divide these countries had been settled. Unfortunately there are yet no signs of any such settlement.

Turkey has also made it clear that she resents the empha placed on the Mediterranean aspect of her contribution to gene security, and has insisted on being represented in the S.H.A.P. command before any decisions are taken about her position in Middle East organization. Both Greece and Turkey would pref their troops to be placed under an American rather than a Briti Commander. Italy and France, whose relations with Britain in t Mediterranean have not always been of the most cordial, wou support an American rather than a Briton as Mediterrane Commander-in-Chief.

GREECE AND TURKEY JOIN N.A.T.O.

The deterioration of the political situation in the Middle East during the early summer of 1951, and, in particular, the alarm caused by the Persian crisis brought about a weakening of British objections to the extension of the North Atlantic Treaty. In July Mr Morrison announced his country's support for the two countries' application for membership, while making it clear that Britain was still interested in a Middle East security arrangement to be built around Turkey. The British Government had proposed that if Greece and Turkey were admitted to N.A.T.O. a Middle East Defence Council comprising Greece, Turkey, Britain, and France should be formed as a supplementary measure. This brought a prompt statement from the Turkish Foreign Minister, Mr Koprulü, to the effect that Turkey would be glad to enter into plans for the defence of the Middle East, but only after she had become a full member of N.A.T.O. Turkey was not willing to pledge full support for Middle East defence plans simply in return for admission. Egypt's subsequent refusal to join a Middle East defence organization, announced only just after her denunciation of the Anglo-Egyptian Treaty of 1936, further increased tension in the Mediterranean and abolished all hope of solving the Anglo-Egyptian dispute through a wider Middle East security arrangement.

The Atlantic Council, at its Ottawa Meeting in September, unanimously recommended that Greece and Turkey should be admitted into the organization, though it was clear that Denmark and Norway had only agreed reluctantly. Immediately afterwards General Bradley, Field-Marshal Slim, and General Lechères

visited Athens and Ankara for consultations. Although the admission of the two new members had yet to be ratified by the Parliaments of the Treaty States, discussions were already taking place on how Greece and Turkey were to be integrated into the Atlantic alliance. Turkey repeatedly made it clear that she would consider relegation to a separate Middle East command as 'discrimination', and even hinted that in such a case she would have to reconsider her membership of N.A.T.O.

At the beginning of 1952, prior to the Lisbon meeting of the Atlantic Council, the problem of the Mediterranean command had still not been solved, mainly because of Anglo-American disagreement. Three basic plans for the inclusion of Greece and Turkey were under discussion. These were:

(i) that Greece and Turkey should be included in N.A.T.O. in a separate new command which might be known as the 'Balkan Command';

(ii) that both countries should be placed under Admiral Carney's S. Europe command, subordinate to S.H.A.P.E.;

(iii) that a Middle East Command should be formed which would include not only forces of the United States and of the British Dominions but also those of any Middle Eastern States willing to join.

The British Government was believed to favour an Aegean command embracing Turkey, Greece, and the Eastern Mediterranean waters which would be headed by a British officer linked to the British Middle East Commander-in-Chief but subordinate to General Eisenhower. Greece and Turkey, however, were united in wishing to come directly under General Eisenhower and in rejecting a British Commander for their troops.

The Military Committee of the Standing Group, meeting in Lisbon in February of this year, finally approved a compromise solution put forward by the French. The Greek and Turkish ground forces were to be placed under the command of Admiral Carney (Southern Europe), while their naval forces were to await the formation of a Middle East Command structure. It is evident that when a Middle East Command is created there will have to be some revision of Turkey's position.

TOWARDS A BALKAN ENTENTE?

So far this article has only touched upon the main difficulties raised by the inclusion of Greece and Turkey in N.A.T.O. No

attempt has been made to deal with the wider problems of (
in the Middle East and the Balkans. Yet some mentioi
be made of the strategic position occupied by Yugoslavia.
defensive plans in case of attack are of vital importance to It:
Greece, and indeed to the whole of Western Europe. If,
south, he withdrew westwards towards Bosnia and Montene
would expose to invasion Greece's most vulnerable gatewa
Varda river valley to Salonica and the Monastir Gap into noi
central Greece. If attacked from Hungary or Austria it is reas
to suppose that Yugoslav troops would withdraw to the mou
abandoning the key city of Ljubljana, in Slovenia, which gua
passage to Trieste and to all the valley of the Po.

The situation plainly depends to a considerable extent
relations between the Mediterranean States themselves. I
stance, any hostile power in Bulgaria menaces both Turk
Greece in Thrace, and the natural counter to any threa
Bulgarian soil is an alliance between Yugoslavia and Greece
the menace of Albania in the rear would be greatly r
through a Yugoslav-Italian rapprochement. Greece's re
with Yugoslavia have improved considerably since Yugo:
expulsion from the Cominform. The two countries have re
normal diplomatic relations and in March 1951 exchange
tary attachés. The return of some of the kidnapped Greek cl
from Yugoslavia has done much to improve the situation. G
relations with Turkey, in spite of some mutual recriminatic
Cyprus, are cordial, while Italy has since the war pur
friendly policy towards both countries.

A factor of importance in the prospects of a new Balkan (
is clearly the need to find a solution for the problem of '
which at present embitters Yugoslav-Italian relations. It wc
difficult to work out a strategic plan for the defence of the
and Adriatic without a full knowledge of Yugoslavia's res
and defence plans. Tito's relations with the West have im
considerably since his break with the Cominform, yet ther
evidence that he wishes to join the Atlantic alliance even
political situation in his country permitted him to do so.
slavia has already received substantial economic and militai
from the West, and during the past year several frank disci
have provided the opportunity for the exchange of inforr
Yugoslavia's adherence to the Atlantic Treaty, unlikely as
be, would not necessarily be an advantage to the West.

position as an independent Communist leader, free from both Western and Eastern ties, is a most disturbing example for the satellite countries, and it is in the West's interests to help the Yugoslavs to preserve this independence. Although the first objective of Western diplomacy must be to find a settlement for the Trieste problem which will permit Italy to co-operate with Yugoslavia, it must be remembered that a 'Balkan entente' including Yugoslavia and backed by the United States could only appear as provocative to the Russians, and indeed it would be difficult to justify as a purely defensive measure. Perhaps the best solution might be found in the co-operation of the Communist Yugoslav Government with the West without entering any definite alliance.

While the strategic arguments in favour of the inclusion of Greece and Turkey within the Atlantic defence system would appear to be virtually unanswerable, the manner in which they have been integrated into the Treaty Organization is open to criticism. It would be unfortunate if the other countries of the Middle East were to receive the impression that, in the event of a Russian attack in the Mediterranean, the West had 'written them off' as indefensible. Britain, in her preoccupation with a general security system for the whole area, appeared at times to her allies to be willing to sacrifice the immediate security of Europe's southern flank to a future but uncertain defence scheme. Yet the vital problem of the defence of the whole Mediterranean area remains unsolved. The West should, at all costs, avoid treating the Middle East countries as if they were simply pawns in its own defence plans. The success of the North Atlantic Treaty Organization in buttressing West European morale is to a great extent due to the foundations of security already laid by the Marshall Plan. The Middle East today needs the same kind of economic preparation as was found necessary for Western Europe in 1947.

D. J. K.

Walloon Coal

A Belgian Economic Problem

WHEN Belgium's new Prime Minister, M. Van Houtte, took over office at the end of January, one of the main objectives outlined in his statement of policy was the strengthening of the country's domestic economy and finances, and he particularly insisted on the need for the speedy ratification of the Schuman Plan treaty by the Belgian Parliament. Ratification by the Senate followed quickly—on 5 February—but the treaty has still to be approved by the Lower House.

Belgium is, in fact, in a somewhat difficult position in relation to the Schuman Plan. M. van Acker, speaking at the General Assembly of the Belgian Socialist Party on 14 January, voiced a widespread fear when he said that the coal industry might suffer if the Schuman Plan High Authority insisted on cutting down the production of many Belgian mines as a result of the relatively high prices of Belgian coal, which have risen by 6 per cent during the last two years. 'If you cut out 15 per cent of the coal industry,' he said, 'you will also harm the industries which depend on it. Take away the coal and you automatically close down the rest of our industries.'

Belgium's economy is mainly dependent on her coal and other heavy industries, and so an increasingly important role must be played by Wallonia, or the Walloon provinces in the south of the country, where the main industrial region lies. The most characteristic feature of Wallonia is the great industrial crescent which begins at Liége and sweeps west along the coal basin to Charleroi and Mons. In this region, about 200 km. long and barely 8 km. in width, are concentrated some 1,700,000 inhabitants, or nearly 60 per cent of the whole population of Wallonia. Its productive capacity shows the measure of its importance in Belgium's economy. Coal, a commodity which has fallen far short of demand in nearly every other European country, is not lacking in Belgium, where the per capita domestic consumption in 1950 was 782 kg., or more than twice that of France or Western Germany. During the winter of 1950–1 the mines in Wallonia produced 5,494,944 tons, an increase of 723,994 tons on the corresponding period of 1949–50. Of this figure the Province of Hainaut accounted for 55 per cent. Much of the coal is exported in exchange for iron ore.

1950 the Province of Liége produced 40 per cent of the King-
m's steel, and Hainaut nearly 47 per cent. Around these indus-
es are grouped other important concerns—chemical works,
ectrical power plants, textile factories, and china and glass works.
Belgium would thus seem in many ways to be a most favoured
untry. Her recovery from the blows dealt to her economy during
e war has been remarkable for its speed and thoroughness. Forced
look within her own frontiers for supplies of coal which pre-
ously had come from Britain and Germany, she faced what
emed insurmountable difficulties. Labour was in short supply,
ue to the loss of a large part of the mining personnel both during
d after the war. Wages were high. The selling price of coal was
ed well below the cost price. Finance was lacking to re-equip
d modernize the coal mines. Despite these handicaps, the Bel-
ans succeeded not only in regaining but in increasing the former
tput of their mines and consequently of their industries.

First, a vigorous process of rationalization was begun. In the
al basins of Wallonia collieries and extraction plants were merged.
ll unproductive sources were ruthlessly amputated and the
orkers were transferred to other pits in the same region. Belgian
iners and engineers were sent to study mining techniques in
e in England, the United States, France, and Germany, and
ese methods were adopted in the Belgian pits. M. van Acker
ured the coal fields urging the miners on to greater efforts, and
the same time strikes were made illegal. Foreign labour was
cruited from Italy and France and from among the Slav refugees.
ong-term plans were prepared for the re-equipment and moderni-
tion of the pits and a start was made with part of the 700 million
ancs allocated under Marshall Aid since 1947.

In 1946 and 1947 the output of the coal mines in Wallonia
ceeded that of 1938, while in 1948, 1949, and 1950 coal produc-
n surpassed that of 1939, the record pre-war year. The economic
ythm of the country was able to continue smoothly, unbroken
the stoppages and restrictions that were a common feature of
dustrial activity in other countries. By 1947 the level of industrial
oduction had increased by 6 per cent over the 1938 figure; in
48 this increase rose to 14 per cent and in 1949 to 16 per cent,
spite a slight recession in the latter half of 1949 which was soon
rrected by an increase of 9 per cent in the per capita production.[1]
ly in two other Western European countries, Italy and Western

[1] U.N. *Economic Survey of Europe in 1949*.

Germany (where the monetary reform had been carried throu
was the rate of increase in per capita production for 1949 hi
than that of 1948. Consequently exports rose, and in 1948 Belgi
balance of trade with the O.E.E.C. countries showed that the v
of exports reached 57,000 million francs and that of her imp
a little over 53,000 million.

But despite this rapid recovery Belgium's industrial situa
today affords little ground for complacency. Factors are becon
apparent which suggest that she may even have reached the li
of her industrial output. These factors are causing increa
anxiety to the authorities in the industrial region—in other wo
in Wallonia. The monthly *Chronique du Conseil économique wa*
and the quarterly *Economie wallonne* both emphasize the grov
urgency and the need to use vigorous and far-sighted measure
solve the problems.

The most serious of these problems is undoubtedly the exh
tion of the coal deposits in the Province of Hainaut and the
sequent unemployment there. Hainaut is the foremost c
producing province in Belgium. Its output has increased stea
from 8,521,290 tons in 1945 to 14,717,380 tons in 1950, this
figure representing about 56 per cent of all the coal produce
the Kingdom. The four great mining regions there are the Borin
Tournaisis (round Tournai), Le Centre, and the Charleroi Ba
But only the latter two are engaged in steady production.
others present all the characteristics of depressed regions.
Borinage possesses the oldest coal mines in Belgium, indee
Europe. But during fifty years the number of pits has decl
steeply. In 1900 there were fifty-eight collieries employing 30
men; in 1950 only twenty-seven remained and the numbe
miners had shrunk to 24,425. Around the coal basin were grou
subsidiary concerns, all dependent in varying degrees upon
fuel. As the pits were reduced, the industries closed down—
the glass works at Jemappes, then the potteries at Nimy
Wasmuel, and then the arsenal at Cuesmes.

In the Basin of Tournaisis the small coal deposits discoura
the growth of large industries, and the region suffers from se
under-industrialization. As a result a large number of fron
workers have gone to seek employment in France. Up to
July 4,340 men and women, or almost half of those who live on
frontier, had left the region. The other two Basins are better
vided for. Though Le Centre furnishes only 12 per cent of

tion's coal, it has developed important metallurgical industries. hile unemployment exists, it has never reached considerable oportions since the region maintains an economic structure iich is better balanced than that of the Borinage and Tournaisis. he Basin of Charleroi is the most highly industrialized part of ainaut and produces a quarter of Belgium's coal.

Unemployment in Belgium has reached disturbing proportions ring the last two years. In 1950 there were 221,734 out of work, more than 2·32 per cent of the total population. To this number ainaut contributed 22,334, or nearly 11 per cent. The prosperity the country's basic industries tends to conceal these facts. it M. Emile Cornez, Governor of the Province of Hainaut, ued a grim reminder in his speech at the opening of the Hainaut ovincial Council on 1 October 1951 when he said: 'We must not ceive ourselves about the cause of recovery, which is based on e present prosperity of the heavy industries. In fact, this prosrity has an extremely fragile foundation and has been due in large rt to the international tension and the events in the Far East.' id he added: 'Under these conditions, it is very difficult to forest the trend that unemployment will take when the market for ese industries returns to normal. It would therefore be wise to be epared for a certain worsening of the situation.'

The Walloon authorities are aware of the need for immediate nedies to revive the exhausted coal regions and to reduce the mber of unemployed. The Walloon Economic Council (*Conseil nomique wallon*) has proposed two main remedies.

The first, the long-term solution, calls for a national plan for e re-equipment and modernization of Belgian industry and in rticular of Walloon industry. Hitherto this has been prevented the lack of the necessary capital—estimated at more than ,000 million francs for the coal industry alone—and by the quirement that those industries which yield a profit should bsidize the less efficient. Thus the former are deprived of funds it might have been devoted to re-equipment, and the latter have ly sufficient to cover their deficit. However, investments up to e end of December 1950 totalled 5,565 million francs, or thirty r cent of the whole programme; and re-equipment has already en carried out to a value of nearly 2,500 million francs, or 17 per nt of the total estimates. If this rate is maintained—and it pends on the stability of the Walloon coal industry—investments ould rise by another 7,000 million francs by the end of 1956.

And the rest? This, Wallonia hopes, may be facilitated by A
54 of the Schuman Plan which states: 'The High Authority
facilitate the carrying out of investment programmes by gra
loans to enterprises or by giving its guarantee to loans which
may obtain elsewhere.'

The second remedy that the Walloon Economic Council
proposed concerns the systematic prospection for new deposi
the Walloon coal basin and the attraction to it of new indus
Certain geologists have asserted that great reserves of c
perhaps as much as 700 million tons—are still to be won from
seams in the depressed regions. Since these deposits lie too
to make their extraction a profitable task for private enterpri
has been suggested that the State should intervene to finance
work the mines in a final effort to save the industry of the Bor
and of Tournaisis. But critics of this project have stated
it would be far better to close the pits in the Borinage
Tournaisis and transfer the manpower to the more produ
enterprises in Le Centre and the Charleroi Basin. It is a mis
they say, to believe that the abandonment of unproductive so
must inevitably lead to a decrease in the national output.
point out that though the number of pits in Belgium has decre
from 265 in 1900 to about 150 today, the total amount of
produced has risen. The answer lies in new machinery and
concentrated manpower, not in boring hundreds of feet thr
hard rock in search of uncertain coal deposits. It seems likely
these critics will have their way, since prospecting and b
would be costly and the attitude of the Government to fu
development in Wallonia is not so sympathetic as the Wall
consider it ought to be.

The plans to attract new industries to the depressed areas
a better chance of more immediate fulfilment, though, here
they are handicapped by lack of finance. A project to develo
television industry in Hainaut has had to be shelved owing t
costly and highly-skilled labour it entailed. Enormous fin
probably amounting to 2,000 million francs, would be require
the suggested expansion of the automobile and chemical p
More encouraging was the establishment in January 1951 o
new steel-plate rolling mills and the re-equipment of other
belonging to the Société des Usines métallurgiques du Haina

But developments of this kind can be little more than 'finge
the dyke', effective for a time in checking the tide of unem

ment, but offering no lasting and assured defence against it. Accordingly, several influential groups of industrialists, led by the Walloon Economic Council, are advocating not so much the concentrating of new industries as the decentralization of the already established concerns. In their plans they have undoubtedly been influenced by American methods of industrial expansion. When production in a factory reaches such a volume that it becomes necessary to establish branch factories, it is argued that the latter should be built where unemployment is densest and should maintain close links with the parent factory, either as finishing and packing stations or as workshops for the manufacture of machine tools and spare parts. Such a system which aims at the relief of industrial congestion has worked well in Holland and France. But in those countries communications, which are essential for decentralized industries, are good. In Wallonia they are not. Better train services, electrification of existing tracks, and the construction of the Route Wallonie, planned as a branch of the international highway linking Calais and Cologne, are projects for improvement which still exist only on paper. The Walloon authorities assert that they depend on the more or less favourable attitudes of the various Ministers of Finance. This may be so. What is certain is that until they are carried out any plan for industrial decentralization must remain unfulfilled.

But unemployment is not the only problem facing industrial Wallonia. It is an economic paradox that side by side with unemployment there can exist an acute labour shortage, and this is the position in Wallonia today. It is not a new situation. Over many years the numbers of the working population have declined steeply. In 1896 the Province of Hainaut had about 270,000 workers; in 1948 the figure had shrunk to a little over 261,000. At first sight there would seem to be nothing very startling in these figures. Their significance is revealed only when one remembers that since the first World War the influx of foreigners into Belgian industry has increased. By 1948 some 390,000 foreigners—a figure which includes women and children—were resident in Belgium and were tending to replace Belgian workers in several branches of the heavy industries, especially coal mining. In 1948 the Italians were the largest group. The French occupied the second place, closely followed by Poles.

The causes of the decrease in the active population of Wallonia were outlined by the Council in its report of May 1947. First was

the falling birth-rate, due to economic crises and unemployment, the housing shortage, and low wages. Secondly, the death rate had increased as the result of old age and the strain of the war years. Thirdly, there was an alarming rise in the number of workers leaving Wallonia, despite the high wages they were receiving there, to look for employment in Brussels and Antwerp. These last two factors immediately affected the coal industry by causing a serious manpower shortage. Whereas those engaged in mining in 1939 totalled 141,906, of whom 100,682 worked below the surface, this figure in 1945 had fallen to 105,566, of whom only 65,831 were under-surface workers. The Government was forced to adopt a policy for the recruitment and training of foreign labour. In 1947 and 1948 more than 40,000 Italians and 14,000 displaced persons entered the mines, most of whom were engaged for work beneath the surface.

It is interesting to compare the results of the Belgian Government's policy with what has happened in Britain, where the miners' unwillingness to accept more foreign labour in the pits has impeded the Government's plans for a large-scale recruitment of Italian miners.

In Wallonia both the miners and other workers in the heavy industries welcomed the foreign recruits. Both M. Cornez and M. Charles Baré, the Administrateur-delégué of the Council, have spoken of the friendly relations existing between Belgian and foreign workers. This is mainly due to the absence of any closed shop principle in Belgian industry. Although the workers have three trade unions, Socialist, Liberal, and Catholic, not all of them are members. Consequently the Belgian worker is better adjusted psychologically than his British counterpart to accept the stranger into his group. Again, there does not exist in Belgium anything approximating to the miners' lodges with their rigid and exclusive rules and codes of behaviour. Lastly, Belgium is divided geographically and mentally by the great linguistic barrier, and to the French-speaking Walloon the Fleming and the Italian are, in certain respects, equally strangers. All these factors have facilitated the acceptance of foreign labour.

Has this plan for the recruitment of foreign labour been entirely successful? Certainly coal production has risen. More than 105,000 tons are produced daily. Yet this figure ought to have been 115,000 tons. The reason for the deficit is not hard to find. As fast as the Italians are entering the pits, the Belgian miners are leaving them.

More than 9,000 Belgians have already left the Walloon mining regions in search of more attractive working conditions in the cities of the north. The necessary manpower is still lacking, and individual productivity, instead of increasing, has for several months remained at 750 kgs. per day.

Again, while the Belgians were able to 'skim the cream' of the earlier groups of specialized workers, the Italians they are now recruiting are, for the most part, men with little or no experience of mining and a certain period must elapse between their training and their actual entry into the pits. This period is a sterile time for the coal industry. And when finally established there can be no guarantee that the Italian miners will remain in the industry for any appreciable length of time. They fall into two categories: temporary and permanent immigrants. The contribution of the former group varies according to the economic conditions prevailing in the industrial regions. They tend to drift from one industry to another in search of higher wages and eventually they return home. Only the latter group can be relied on to make any permanent contribution. This group consists of Italian workers and their families. The presence of the family has been shown to be an indispensable factor in the stability of foreign manpower, but it limits the number of permanent immigrants since the Belgian Government finds difficulty in housing its own nationals and their families, let alone the families of foreign workers.

These two problems, unemployment and manpower shortage, offer no easy solutions. They are, of course, problems which exist in other countries besides Belgium, but the remarkable progress which Belgium has made in the industrial sphere since the war has tended to disguise the gravity of the situation. She certainly got away to a quick start and left many other countries bracing themselves on the starting line. But doubts are beginning to be expressed about her ability to stay the pace. Despite increased productivity in the coal and other heavy industries, the general industrial productivity still remains slightly below that of the pre-war years. In contrast, by the end of 1950 France had reached, and Italy surpassed, the pre-war productivity level, while productivity in Sweden shows a steady annual rate of increase of about 4·5 per cent over the pre-war level—probably an indication of possible long term progress in relatively industrialized economies under conditions of full employment. To maintain her prosperity Belgium must develop a corresponding rhythm of productivity.

The Walloons are convinced that this can be attained (large-scale re-equipment and modernization of their in(enterprises. There is present in the region a strong cur opinion that Wallonia is not getting a 'square deal' in these n The Council asserts that a large measure of regional self-dete tion is needed in order to offset the tendencies towards cen tion which it believes to exist in Brussels. It recommends organ be set up in each region for the purpose of group existing industries, assembling capital for new enterprises, ar trolling industrial expansion. In fact, the Belgian Const contains provision for just such a scheme—the control c own affairs by the provinces and communes. The Walloon a ties point to the existence of such regional organs in other cou In Holland there are provincial organs controlled by the Gc and carrying out the economic development of the provinc power to raise the necessary capital by bank loans. In Fran Département de la Moselle possesses a departmental comn closely connected with the Central Administration of the M Plan, which has drawn up a complete project for industrial de ment. Even Sicily has industrial autonomy within the frame the Italian State.

Wallonia feels that regional autonomy embodying the co regional industry is the only solution to the problems crea unemployment and shortage of labour. But it must be empl that in a region with such strong local cohesion and tradit Wallonia the views of the authorities are extremely likely t flict with the policy of the central power. Wallonia view concern her falling birth-rate and relatively stationary l production. Her anxiety is deepened by the rising birth-ra production of her northern rival Flanders. In this cou divisions—Catholic and Protestant, King's men and repub French and Flemish—the industrial scission is the on demands most immediate attention.

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Notes of the Month

Spain, Tangier, and Morocco

DURING the present century Spanish pride has continually resented Spain's inferior position to that of France in Morocco, and the further carving out, from the small Spanish Protectorate, of the International Zone of Tangier, where, although the largest foreign community is Spanish, Spain has been overshadowed by France among the eight Powers represented on the Control Commission. When French military power in Europe collapsed in June 1940, General Franco's Government, which from its violent inception had allowed the emergent Moroccan nationalist movement some licence to agitate against the French, not only sought unsuccessfully to enlarge the Spanish Protectorate at the latter's expense, but sent Moroccan troops into Tangier. The International Zone was administered as part of Spanish Morocco until in October 1945 Spain had to yield to French determination (with the agreement of the United States, Britain, and the U.S.S.R.) to restore the international regime, with some curtailment of Spain's share therein '*à titre de sanction*'.

Despite representations from the French Resident-General in Morocco at the end of 1951, the High Commissioner of the Spanish Protectorate has continued to receive the local leader of the nationalists after the Sultan of Morocco, under French compulsion, had repudiated them.[1] In January this year the Sultan's representative (Khalifa) in Spanish Morocco paid an official visit to General Franco. There were reports that a gradual transfer of authority was intended, and on 12 March native parties were permitted to function 'in collaboration with Spain's mission to promote development and progress'. The Spanish press complacently compared Spanish 'protectiveness' with French 'colonialism'.

To the Moroccan nationalists 30 March was an obnoxious date,

[1] See 'Cross-Currents in Morocco', in *The World Today*, May 1951.

being the fortieth anniversary of the Treaty of Fez which h
posed the Protectorates. While demonstrations in the]
Protectorate were effectively repressed, at Tangier anti-Eu
rioting and looting took the international authorities by su
the Belgian chief of police declared that most of the rioters
from the Spanish Protectorate. On 7 April the Spanish G
ment drew the attention of the other States represented
Control Commission to the provisional character of th
restoration of the international regime, since the four P
evidently counting on the early fall of General Franco's G
ment, had given it only six months' validity. The Spanish
now requested the immediate reorganization of adminis
and security in accordance with the Conventions of 1923 an
(under which the chief of police had been Spanish) and the
moning of a conference to regularize the international regime
would, however, present an opening to the Soviet Gover
which in 1945 had insisted on having a say in restoring the
national regime (their Tsarist predecessors having been par
the Act of Algeciras of 1906), but which has played no
quent part in Tangier.

Excluded from the United Nations, the Spanish Gover
has in recent years sought to become a 'third party benef
between the Arab States and the Latin American State
coalition thus formed could both promote Spain's interests
U.N. and provide the Arabs with support against the 'impe
Zionist' bloc that had so wounded them in the matter of Pal
The Spanish press has sympathized with Egypt and Persia in
attempts to secure their complete independence of Britis
perialism'; and on 4 April a distinguished party led by the Sp
Foreign Minister left for an official visit to all the Arab L
States except the Yemen. There is talk of a Mediterranean
of which Spain might make use to press for her eventual adm
to N.A.T.O. and to dollar aid, to say nothing of her clai
Tangier—and Gibraltar.

Europe's 'Green Pool'

THE conference of representatives from fifteen out of seve
O.E.E.C. countries (Iceland and Portugal were absent),
met in Paris from 25 to 28 March to discuss the prospects
European agricultural pool or 'single market', reached a
expected degree of agreement. It was inevitable that the pl

such a pool for agricultural produce, originally put forward in 1950 by the former French Minister of Agriculture M. Pflimlin and conceived on the lines of the Schuman Plan for coal and steel, should encounter, in some respects, greater difficulties than its industrial prototype. At the same time the conference showed general agreement with M. Pflimlin's two main arguments for creating the pool: Europe's present insufficiency in food, and the need to assure her food supplies for the future.

Though the conference was only a preparatory one, it served to bring out certain points of agreement and divergence, and, in particular, three main trends of view as to the field of products to be covered and as to the scope and powers of a 'High Authority'. On the first point, France advocated limiting the pool in the first instance to wheat, sugar, dairy produce, and wine, whereas Holland, whose Minister for Agriculture, Mr Mansholt, has from its inception been a strong advocate of the plan, wanted its extension to include all agricultural products, and in this he was supported by Italy. Mr Mansholt also wished to go the whole way in the matter of the High Authority, which he considered should have executive as well as consultative powers, but here Italy, the Scandinavian countries, and Belgium followed Britain's lead in showing a more cautious attitude, while France adopted a middle view. Britain's representative, Mr Nutting, made it clear from the start that in view of her Commonwealth commitments she could not become a full member of a purely European agricultural authority; but her co-operative attitude towards the creation of the pool, perhaps within the framework of the Council of Europe, was warmly welcomed. A further conference is to be held in Paris between June and October.

The Indian General Elections

ONE hundred years ago Karl Marx wrote an article on India for the *New York Herald Tribune*. In it he predicted that the main effect of British rule would be to destroy the isolation of the Indian village and to bring the villager, who had remained unruffled and untouched by so many past conquests, into the forefront of India's life. The prediction has come true. Power, as the recent Elections have shown, is now with the ordinary elector, in India still overwhelmingly a villager. He not only has the vote; he has used it, and used it effectively.

Marx had seen, with one of those flashes of historical i
which has given so much power to his bad economics, that
rule, by bringing order and regular administration to India,
also bring communications and the market, and a villager wl
buying and selling with the outside world and upon wh
organized Government was enforcing the full weight of it
sometimes alien, conceptions could not afford to remain indi
to politics. For politics now meant no longer only peace or an
justice or oppression, which he could reasonably leave to h
ters, but also the law of land tenure or, nowadays, the price
crops, which he has found it is not safe for him to leave to an
but himself to settle. Moreover, British rule, in the process
forcing itself, deliberately set out to create a class imbued w
ideals of the Magna Carta, a class which was to stir the villag
of the cut-off lethargy of the ryot, the subject, and awaken
the importance of being a citizen. This role of Prince Cha
was left for Mahatma Gandhi to play, and he played it sup
Before Gandhi India's politics were drawing-room an
politics, confined to a cultured élite, and it was left for Gan
shift the stage to the village and make the common ma
woman the heroes of India's independence. Thus the
Election is truly Gandhi's memorial, far more lasting tha
monument erected by man.

Every man and woman over twenty-one has the vote, ma
total electorate of 176 million. Even in areas such as Bo
where there was the maximum number of people entitled
under the old qualification, the electorate is perhaps six ti
large as it has ever been, and in many of the ex-States the
never been an Election before at all. This enormous electora
its vote on a large scale, usually very wisely, and with the
demure maturity that one generally associates with En
Altogether 107,500,000 votes were polled. To arrive at the n
of voters about 15 per cent has to be subtracted for d
member constituencies where the same elector polls twice,
resentation is ensured for aboriginals and untouchables by c
some double-member constituencies and reserving one
each case for members of their community. In order to p
the growth of communalism, the whole electorate votes fo
members, but enough seats are reserved to ensure that the
ward classes should obtain in each Assembly, as also in Parli
a representation by their own people roughly in proportion t

percentage in the population. Allowing for this, about half the total electorate voted, a figure attained in an American Presidential election only in a hotly-contested year. The Indian elector has established his interest in politics; and an interested electorate is the first essential of democracy.

TABLE I

FINAL POSITION OF PARTIES AFTER ELECTIONS

	Total seats	Congress	Socialist	K.M.P. Party	Jan Sangh	Communists and allies	Scheduled Castes Federation	Krishak Lok Party	Other Parties	Independents	Total seats filled
House of the People	496*	362	12	10	3	27	2	1	36	36	489
STATE ASSEMBLIES:											
Assam	108	76	5	2	—	1	—	—	9	12	105†
Bihar	330	241	23	1	—	—	—	—	53	12	330
Bombay	315	269	9	—	—	1	1	—	18	17	315
Madhya Pradesh	232	194	2	8	—	—	—	—	5	23	232
Madras	375	152	13	35	—	61	2	15	34	63	375
Orissa	140	68	10	—	—	7	—	—	36	19	140
Punjab	126	98	—	—	—	6	—	—	16	6	126
Uttar Pradesh	430	390	18	1	2	—	—	—	4	14	429‡
West Bengal	238	151	—	15	9	28	—	—	22	13	238
Hyderabad	175	93	11	—	—	42	5	—	10	14	175
Madhya Bharat	99	75	4	—	4	—	—	—	13	3	99
Mysore	99	74	3	8	—	1	2	—	—	11	99
PEPSU	60	25	—	1	2	3	1	—	19	9	60
Rajasthan	160	81	1	1	8	—	—	7	26	35	159§
Saurashtra	60	55	2	—	—	—	—	—	1	2	60
Travancore-Cochin	108	44	12	—	—	32	—	—	9	11	108
Ajmer	30	20	—	—	3	—	—	—	3	4	30
Bhopal	30	25	—	—	1	—	—	—	1	3	30
Coorg	24	15	—	—	—	—	—	—	—	9	24
Delhi	48	39	2	—	4	—	—	—	1	2	48
Himachal Pradesh	36	24	—	3	—	—	1	—	—	8	36
Vindhya Pradesh	60	40	11	3	2	—	—	—	2	2	60
ELECTORIAL COLLEGES:											
Kutch	30	28	—	—	—	—	—	—	1	1	30
Manipur	30	15	1	—	—	2	—	—	11	1	30
Tripura	30	9	—	—	—	12	—	—	3	6	30

* Seven seats out of these are to be filled by nomination from the Andamans and Kashmir

† Three seats from Naga Hills district are yet to be filled

‡ Election to one seat was suspended due to death of a candidate

§ One seat is yet to be filled

TABLE II

STATE ASSEMBLIES

Per cent of Total Votes

Province	*Congress*	*Socialist*	*Communist*	*K1*
Assam	43·10	13·20	2·48	6
Bihar	42·1	18·1	0·99	2
Bombay	48·5	11·5	1·6	2
Madhya Pradesh	48·24	9·26	0·34	5
Madras	34·38	6·54	12·94	9
Orissa	38·65	11·5	5·4	1
Punjab	38·25	4 2	4 7	0
U.P.	49·0	11·7	—	12
West Bengal	38 64	2·93	11·17	8
Hyderabad	41·0	11·0	21·0	–
Madhya Bharat	45·3	6·8	0·11	0
Mysore	46·0	8·2	0·5	14
Rajasthan	39·0	4·0	0·52	0
Saurashtra	63·0	4·0	3·0	4
U.S.T.C.	35·46	14 97	21·2	–
Vindhya Pradesh	43·0	19 0	—	18
PEPSU	27·9	1·56	4·7	1

* Communal parties

This interest can, moreover, be expected to increase, fo voting in the politically-awakened areas was much higher, an averages were considerably reduced by the figures for certai State areas and by the zemindari areas of the U.P. and Bih Travancore-Cochin, where half the population is literate, r three-quarters of the electorate went to the poll; in Madras thirds of the electorate voted, and in Coorg perhaps five-s But in Rajasthan and Vindhya Pradesh, areas autocratic thi all their history till now, the proportion voting was only one-t and in the East U.P. and North Bihar, with their tiny holding many landless labourers, it was little higher. It is interesting, ever, that voting in the aboriginal areas was frequently high half the aboriginal electors voted in Chota Nagpur, and nearly half, despite all the difficulties of communication, am the tribes of the Assam and Manipur Hills except for the N who boycotted the elections in order to assert their clai independence. It is perhaps equally noteworthy that the vot higher in the countryside than in the towns, and particularl in the better-class residential areas. The lowest voting in Bo City was in Bombay's Kensington—Malabar Hill.

The second requirement for democracy is that the elect should feel that its vote is effective. In India this time it has h fill of power. Twenty-eight Ministers have been defeated. In Bengal seven out of twelve who stood went down, and in M

six including the Chief Minister; in Madhya Bharat and Rajasthan the Chief Ministers were beaten—the Rajasthan Chief Minister, Mr Jai Narain Vyas, had the invidious distinction of being beaten twice. In Bombay, Mr Morarji Desai, the Home Minister and the Cabinet's strong man, was defeated by a few votes after a recount. The Congress, omnipotent in 1947, has been shown that it can be defeated; indeed in most States, although it won, it got only a minority of the votes, as the Tables show. The party has been put back into office, but it is on probation, and its every action shows that it is aware of this. It is noteworthy, for example, that, except in Travancore-Cochin, the Congress High Command has been insisting that the Assembly parties should elect their leaders unanimously—nothing has done the Congress more harm than its faction-fights, and the quality of the candidates for the Upper House, the Council of States, chosen after the Lower House results were known, has shown a noticeable improvement—the quality of Congress candidates had previously aroused much unfavourable public comment.

The sceptics who argued that the Indian electorate was too backward and ignorant to exercise its vote properly have been confounded. Illiteracy did, however, complicate the procedure which had to be adopted to preserve the secrecy of the vote. Instead of marking the ballot paper and dropping it in one box, each voter—and each voter means at least two ballot papers, one for the Assembly and one for Parliament, or four in the case of double-member seats—was given a blank numbered ballot paper which he had to cast in the ballot box showing the party symbol of the candidate of his choice. There had to be a ballot box for each man standing, and a symbol for each party, as well as for every candidate who stood on his own, so that the voter who could not read need not ask anyone for help. Thus Congress was given a pair of yoked bullocks as its symbol, the Socialists a tree, the Scheduled Caste Federation an elephant, the Communists, according to the cover they took, an engine, a ladder, or a star. Figures speak for themselves. In these Elections there were 224,000 polling booths, 90,000 polling stations, 620 million ballot papers, 176 million electors, 17,000 candidates to the local Assemblies, and 1,800 to Parliament. The electorate for an Assembly seat numbered from 30,000 in a single-seat constituency in a small State, to 150,000 in a double-member constituency in a large State, and for Parliament the constituency averaged 360,000 (up to three-quarter of a

million in the double-member constituencies). Seve
parties were contesting the Elections, and in additioı
independents ran. The total cost of the Elections, whi
spread over three and a half months, was £5,250,000, qui
from the very considerable amounts spent by the can
Parliamentary candidates were allowed to spend a ce
Rs. 25,000 on their campaign.

The burden of carrying out this gigantic operation was
ably borne by the administration. Though almost everyo
cerned with the Government had to assist, from school
who were polling officers to Chief Secretaries who were re
officers, the public noticed no disruption. Letters took n
to answer, schools functioned, revenue was collected. Th
tions provided, indeed, final proof of what has been incr
obvious for some time, that the administration has fin
covered from the shock dealt it by partition: standards
higher in most places than at any time since 1941. More
arrangements were marked by impartiality and order as
efficiency. Except in Travancore-Cochin, the Congress (
ments made no attempt to use their power to get themselve
Only half a dozen heads were broken in election disturbanc
India: and the only intimidation was some murders of Co
men by a dacoit gang supported by various small ex-Pr
Saurashtra. Behaviour was of an orderliness elsewhere fou
in English queues. The canvassing, too, was quiet and d
Indeed the entire tone of the Elections, even on the Comm
Hindu Mahasabha platforms, was reminiscent of Hyde Pa
rainy day.

The Indian public was confronted with a choice betw
Congress, the communalist parties, and the economic parti
it is on the economics of the future, not on the emotions of t
that it chose the Congress. Those who still remember the h
rounding the Gandhi cap no later than 1947 have seen the
incredible phenomenon of its virtual disappearance. Co
greatest achievements are in the past: from integration t
pendence, they are unrepeatable. But Congress has put
a sensible programme, devoid of utopianism, and i
indeed, by an almost frigid realism. Mr Nehru—and Con
1952 is Mr Nehru—put the main emphasis on the Five-Ye
the Hindu Code Bill, and the secular State with equal
tunity for all. Foreign policy was not even mentioned—

issue only outside India. The only aspect of foreign policy that the Indian masses mind about is India's relationship with Pakistan and with the Commonwealth. They are perfectly happy to remain within the latter, and, as to the former, they have at last accepted unquestioningly Mr Nehru's policy of patience because they know that the Indian Army is still in the Punjab. All that Congress has promised the public, given another lease of life, is to increase the standard of living and bring it back to the 1939 level, and it is on this Churchillian austerity of promises that the people have voted Congress to power—on approval.

Voting Congress in definitely involved making a choice, for the voter was faced with many alternatives. First there are the communalist parties whose defeat was one of the features of the Elections. These fall into four categories, Muslim, Hindu, Sikh, and Scheduled Caste parties. Of these, the Muslim League exists only in Madras, where it got five seats, and Madras is the only part of India where, despite its negligible percentage of Muslims and their privileged economic position, Islam was made into an electoral issue, and this by the Muslims themselves. But while Muslims everywhere tended to vote for Muslims, the Hindus showed no such exclusiveness.

There are, in fact, three Hindu communal parties, and their aims vary considerably. The Ram Rajya Parishad is purely backward-looking and orthodox; it opposes divorce, cow-slaughter, and a share of the inheritance for daughters. Muslims and Pakistan are of little interest to it, and its main victories (24 seats) were in Rajasthan, where many jagirdars (the jagirdars of Rajasthan are India's only true feudal nobles) stood on Ram Rajya Parishad tickets. Elsewhere it won only 8 seats in all India. The Hindu Mahasabha are old-fashioned Hindu nationalists, who consider that since the Hindus are a majority their ideas and way of life should dominate; and they favour a tough policy with Pakistan. In religion, although they oppose the Hindu Code Bill, they are, on the whole, reformers; they are strongly against the idea of untouchability and are by no means enthusiasts for the cow. The Mahasabha's only real success was in the Gwalior area of Madhya Bharat, where they won a few seats (they got 11 seats in Madhya Bharat altogether, in a House of 99). The Jan Sangh, Dr Syama Prasad Mukerjee's party, has connections with the R.S.S.S. (Rashtriya Swayam Sevak Sangh) and professes a mainly negative form of communalism. Its members are primarily anti-Muslim

and anti-Pakistan, and have no sympathy for orthodo objections are to caste, not to divorce. Their failure was e complete than that of the other two parties. In the Punjab not get a single seat, and in Bengal they got only 9, de 7 million refugees in those States, with their bitter g against Pakistan. Elsewhere their only success was the 11 seats in Rajasthan, and there the reason for it, as for th of the Ram Rajya Parishad, was that a certain number of stood on Jan Sangh tickets. Even if one takes the three co parties together, their vote in India as a whole was only 5 of the total. They will nowhere be able to form an oppo any account—in Rajasthan, the only place where they wo seats to be important, they have been absorbed in the nev tion party, the Samyukt Dal, which is primarily feudal, munal. Not only has Hindu communalism been utterly and Mr Nehru vindicated, but both the communal parti selves and the electorate realize that this has happened. M can now pursue his policy of moderation towards Paki hampered, and he should even be able gradually to put th Code Bill through.

Hindu communalism was, indeed, never strong. The too tolerant, and India is sufficiently larger than Pakistan afraid of her. Sikh communalism, however, has in the pas been very strong, and the Akalis, the Sikh communal pa not defeated anything like so completely as was Hindu co ism. In Ludhiana and parts of PEPSU, indeed, they did they did not do well enough. Neither in PEPSU nor in areas of the Punjab did they achieve a majority even of vote—they probably got between a third and two-fifth means that, though their views will continue to be impor such issues as the use of Punjabi and Gurmukhi, there is fear of a semi-independent Sikhistan.

The Scheduled Castes, too, have voted Congress numbers. The Scheduled Caste Federation was almost wi it got only 5 per cent of the vote even in its home State of and Dr Ambedkar himself was defeated, though it is lil he will obtain an unopposed return to the Upper Ho Council of States. Indeed the only form of communalis has shown any strength is caste feeling, for example Brahmin and Rajput and Kayasth in Bihar, or against B in the South. In the South, Congress was once predo

Brahmin, but now the great agricultural castes—Patels in Gujerat, Mahrattas in Maharashtra, Lingayats and Gowdas in Karnatak, Reddis and Naidus in Telengana, and so on—have almost completely replaced the Brahmins in the political arena. But in the North, outside the Punjab, the political predominance of the advanced castes—Rajputs, Brahmins, and Kayasths—remains unshaken. This is probably due to the difference in the structure of land ownership; the Southern Brahmin is not the landowner, whereas the advanced castes of the U.P. or Bihar or Bengal are; and this may yet offer an opportunity to the Left, as the lower castes, for example Ahirs or Chamars, wake up to the power of their vote.

While communalism has thus failed, probably finally, economic considerations have, for the first time in Indian politics, become the major issue. The parties which have mattered have been those with an economic programme, however incoherent it may be. Not all, even of these, have been successful. Except in Andhra and Malabar the K.M.P. (the Kizan Mazdour Praja Party), which might have been the hub of a real opposition, has made no impression. Despite the originally large number of desertions to it on the part of some of the Congress' best men, it was discredited by the futility of Acharya Kripalani, the antics of Mr Rafi Ahmed Kidwai (who ended by rejoining the Congress), and its own failure to produce any positive programme: it fought on the corruption of the Congress, and only in Andhra is the Congress bad enough to make that a sufficiently cogent argument.

The Socialists were routed in numbers of seats, though reckoning by the number of votes obtained they come next to the Congress. But their platform was too academic, too unrealistic to compel credence even in an illiterate public. In return for power they undertook to reorganize the administration, to nationalize foreign capital, to abolish zemindari without compensation, to develop and decentralize existing industries and to derationalize them so that they would employ the maximum number of workers, to eradicate inflation and corruption, and to enter into a pact with a Third Bloc which would extend from Bali to Tunis, but in the possibility of which they themselves unfortunately do not believe. The ways in which these miracles were going to be achieved were carefully kept secret. In comparison with their Utopian programme, Congress's realism reassured the voter. What the Indian Socialists still need is maturity, hard work, and discipline, mental as well as

political. It is most important that they should acquire thea ties, for only they offer a constitutional alternative to the C on the Left. Unfortunately their followers may feel disheart their failure to score and may look for power elsewhere; party has drawn blanks it is liable to go into the stable for which lame themselves at the start, and, like the Liberal P Britain, to cease to exert any wide influence. Yet the So got as much as 180,000 votes in Bombay City against the 2 of the Congress, and in India as a whole their 10 millio were nearly twice the Communist poll. It is therefore hea that in the recent Bombay Municipal elections they a slightly improved their position: there at least their sup have clearly not lost faith.

The surprise of the Elections was the success of the munists, and the feeling was widespread at first that they henceforth be the real alternative to the Congress. Were the able to tempt away any large proportion of the Socialist s this might yet be true, for none of the other opposition partie leadership, a discipline, or a dogma comparable with that Communists. Their attractive force may therefore prove considerable, but it is already becoming clear that it will be less than was assumed in the first flush of apparent victory attempts at forming a United Front in Madras have n fructified despite the willingness of the K.M.P. and the Com acceptance of a minimum programme so diluted as to perm of compensation to zemindari; and in Travancore-Cochin i of the small parties who fought the Elections in conjunctio the Communists, the Kerala Socialists or the Revolut Socialists, is altogether happy.

Indeed, taking the country as a whole, the Communis not do well. They got only just over 5 per cent of the vote, whole areas they did not gain a seat. In all Northern Indi and their allies won only 9 seats, all of them in Sikh areas; are some old Communist pockets among the Sikhs. In E India they won 1 seat in Assam (in Gauhati) and 28 in B almost all of them in and about Calcutta; they also won a m in the Tripura electoral college. In Western and Central they won only 1 seat, in Sholapur. Their main successes w the South-East, in a triangle from Ganjam in Orissa dow coast to Nellore in Madras and inland up to Hyderabad, and the coast of Malabar and Travancore-Cochin. In the seven T

districts of East Godavari, West Godavari, Krishna, and Guntur (in Madras), and Karimnagar, Nalgonda, and Warangal (in Hyderabad) they won 60 out of 101 seats; in a separate Andhra State they would probably be the biggest party. Similarly in the Travancore-Cochin coastlands north of Trivandrum (they did not get a seat in the Tamil country south of Trivandrum) they won more seats than any other party.

It is this concentration of their success which has given the Communists their opportunity, for it has made them the main opposition in Parliament (27 seats, though quite a small percentage of the total, are enough for reasonably effective opposition), and in the Travancore-Cochin, Madras, and Hyderabad Assemblies. And in Travancore-Cochin and Madras the Congress has no majority, while in Hyderabad its majority is very narrow. Consequently, though it is unlikely, even in Madras, that enough members would be willing to turn out the Congress to bring about a Communist majority, the chances of a Congress rule sufficiently effective to enable the Congress to regain its lost popularity are somewhat dim, at least in Madras and Travancore-Cochin. In the South the Communists undoubtedly have an opportunity, largely through Congress' own fault: in Madras and Travancore-Cochin Ministries have been reshuffled every year, while in Hyderabad land reform has moved far too slowly, and the South as a whole has been neglected by Delhi.

The other opposition parties are purely local. The Ganatantra Parishad, for example, depends mainly on the personal popularity of the Maharajas of Patna and Kalahandi in their ex-States, while the Tamil Nad Toilers rely largely on their caste appeal to the Vannyas of South Arcot and its neighbourhood.

The Congress still dominates the Indian political scene. It did not, indeed, obtain quite a majority of the total vote, but it did get nearly five times as many votes as the next biggest party, the Socialists, and in seats it has an overwhelming majority both in Parliament and in most States (see Tables I and II for details). In Rajasthan and Orissa it has been assisted to a majority by some subsequent accessions of independents, and it is believed that enough independents have joined the party to give it a majority also in PEPSU. The only real difficulties for the Congress will come in Madras and Travancore-Cochin, though there, as has already been said, they may well be formidable.

The Congress is not, however, the party of 1947. It has been

moving steadily to the Right, both through secess
Socialists split off from the Congress, and most of th
joined the K.M.P. were on the left of the party—and thr
increasing realism enforced by power. The State still t
economic initiative where it can usefully do so—th
Fertilizer Factory is an example—but nationalization is n
considered a panacea. Social reform continues, as may be
instance, in the recent Act providing for compulsory p
funds in industry, but it is now more carefully adjusted to
capacity to bear it. Moreover the Congress now looks fo
industrialization, and not backward, in the Gandhian wa
self-sufficient village. The emphasis in the Five-Year Pl
electricity and research and railways, not on hand-spun c
village oil-presses. The Congress has, in fact, become
party of the Western type, with every possibility of bec
conservative party as continuance in office and Co
opposition drive it further to the Right. It must, how
remembered that any party in India, however conserv
bound to be revolutionary in two respects: land reform,
modernization of Hinduism. Congress will certainly com
abolition of zemindari and of untouchability; and it is b
take further long steps on the road of freeing Hinduism f
customs and ritual which have overgrown its principle thr
ages.

The short-term result of the Elections is thus a swin
Right and the Westerners. The swing to the Westerners
ably permanent, for the Left are more Western even t
Nehru wing of the Congress. But the swing to the Right c
reversed, and sharply, if over the next five years the Cong
to give the electorate the material improvement for which
That the elector has tasted power is the best safeguard
future of Indian democracy; but he expects those to w
delegates his power to produce results.

The United Kingdom of Libya

The birth of the United Kingdom of Libya on 24 December 1951 took place without making much stir in the world in general; but it marked a new phase in the history of a people who for more than 2,000 years had been the subjects of larger political organisms, of which the latest were the Roman, Arab, and Ottoman empires, the Italian *Impero*, and finally a short period of British military administration. Libya is an immense area of some 700,000 square miles of which by far the greater part is sheer desert. The main centres of population, the coastal regions of Tripolitania and Cyrenaica which alone receive a rainfall adequate for agriculture, are themselves separated by a natural frontier of nearly 400 miles of desert lying along the shores of the Gulf of Sirte; only a broken and sand-swept road maintains land communications between the twin capitals of Tripoli and Benghazi. The latest recorded figures give Tripolitania approximately 900,000 and Cyrenaica 300,000 inhabitants, and there are some 50,000 persons, mainly negroid and a quarter of them nomadic, in the distant oases which compose the Fezzan, 400 miles south of Tripoli.

The basic ethnic stock is Berber, akin to the inhabitants of north-west Africa, and like them subjected to Arab and Muslim influences as a result of the Arab invasions from the seventh century onwards. Islam is universal, and Arabic has been for centuries the dominant language, although Berber dialects are still spoken by a comparatively small proportion of the population in western Tripolitania adjoining the Tunisian frontier. In Cyrenaica the Arab ethnic element is much stronger, especially among the Bedouin herdsmen who win a precarious living on the steppe-lands that lie between the comparatively fertile Jabal Akhdar and the true desert. It is these Bedouin of Cyrenaica whose adherence was won, early in the last century, to the rising Muslim religious fraternity of the Senussi, whose present leader, Saiyid Muhammad Idris el Senussi, is now the first King of Libya. The Senussi have, however, a much smaller following in Tripolitania, where the comparatively Ottomanized population of the coastal towns was opposed to their teaching.

This contrast in attitude towards the new royal house is only one of the political problems of the new State. The Italian conquest from 1911 onwards was interrupted by the first World War and had virtually to be begun over again. The resistance of the

Cyrenaica Bedouin was more protracted than that of tl
settled inhabitants of Tripolitania; and independent Egyp
to the Cyrenaican fighting men a refuge from which a
Arab Force, formed in the summer of 1940 on its own i
to fight the Italians in the name of the Senussi leader
returned to Cyrenaica as 'liberators' with the British Eight
in the autumn of 1942. The Tripolitanians, on the oth
were liberated in the following spring without much effort
own part; and the Cyrenaicans have thus come to regar
selves not only as more devoted to their Senussi leade
more patriotic Libyans.

In setting up separate military administrations in Cyren
Tripolitania the British were governed by the facts of the si
Not only were the two territories separated by the Sirte D
already mentioned, but the continued presence of a sul
Italian population in and about Tripoli city (whereas the
settlers had been almost entirely evacuated from Cyrenaic
course of the campaigns of 1940–2, leaving an almost
Muslim and Arabic-speaking population) called for the app
of different principles of administration. The two British
administrations, as also the French military administratio
Fezzan which had been liberated from French Equatorial
were regulated by the Hague Convention of 1907, which
the maintenance of the existing laws in an occupied t
except where military or humanitarian reasons call for ch

Despite the fact that the Senussi centre of gravity
Cyrenaica, it was inevitable that Tripoli city should outsl
smaller and greatly war-scarred Cyrenaican capital of B
Tripoli, better situated for communications with Western
through Italy, was enlarged and modernized by the Ita
such an extent that even the Cyrenaicans tend to regard it
more important and influential city than it actually is.
always included an important cosmopolitan community, ar
back as the eighteenth century had British, French, Dut
Spanish Consulates. Today it has approximately 20,000
5,000 Jewish, and 2,000 Maltese permanent residents, apa
the British and United States garrisons.

For six years the two British Administrations in Trip
and Cyrenaica continued their work calmly and effe
unembarrassed by inopportune publicity from the outside
The nucleus of each Administration was drawn from of

Sudan Civil Service, with a sprinkling of Army personnel and others with experience of similar work in the more troublesome parts of the Commonwealth. They went about their duties conscientiously, not knowing from one year to the next how long their services would be required. They so far won the respect of the Arab population that in the most distant regions of the two provinces the names of some of these men have become household words. Even the few Italians in Tripoli city who were still nostalgic for the pomp and bombast of the Fascist regime had to admit that the British authorities had treated them fairly.

During these years the future of Italy's former colonies had provided a difficult problem for the great Powers called upon to settle it. It will be recalled that, in accordance with the provisions of the peace treaty with Italy, when in 1948 the main signatory Powers failed to reach agreement on the colonies the question was referred to the General Assembly of the United Nations, where it proved one of the most controversial topics of the 1949 sessions. At first it seemed as if agreement might be reached on the so-called Bevin-Sforza proposals, brought forward at the spring session of 1949 and providing for an independent Libya in ten years' time with, for the interim period, continued British administration in Tripolitania till 1951, to be followed by an eight years' period of Italian trusteeship, and British administration in Cyrenaica throughout the intervening ten years. But though these proposals passed the Political Committee they were defeated by one vote in the General Assembly, largely owing to the Arab States' unanimous rejection of Italy's proposed return to Tripolitania as trustee. In Tripoli itself the proposals aroused considerable opposition; demonstrations took place, and some damage was done to Italian property.

By the time the question once more came up for discussion at the United Nations autumn 1949 session some important changes had taken place in the situation, chief among them being the proclamation in June, with British approval, of an autonomous Cyrenaica and the recognition of the Emir Saiyid Idris el Senussi as its head. This initial step towards independence was reflected in the proposals for the colonies' future which were finally accepted by the U.N. General Assembly in November 1949. These, as far as Libya was concerned, provided for independence for a unified Libya by 1 January 1952, with administration during the interim period under a United Nations Commissioner with an international

Advisory Council. Mr Adrian Pelt, of the Netherlands, appointed Commissioner. A Libyan National Assembly, conve in November 1950, resolved that Libya should be a federal de cratic kingdom under the Emir Idris of Cyrenaica and by Octo 1951 had agreed upon a Constitution.

For the British Administrators the United Nations' deci spelt the end of the days of tranquil development, and from t onwards control was gradually taken out of their hands. They indeed been set a difficult task. In two brief years they wer train the Libyans in the work of governing their country. It quite difficult enough to prepare those who would assume Mi terial duties, and more difficult still to find Libyans who coul trained in the great variety of duties necessary to ensure the sm workings of the Ministries. The younger generation who benefited by the educational system established in the early y of the Administration were not yet sufficiently advanced to ass responsibility, with the result that many of the gaps continue be filled by Italians. But the Libyans, realizing what was requ of them, gave their unstinted co-operation, and for a year the j ject developed happily enough.

Towards the end of 1950 came the first vague hints of dissens It had from the outset been tacitly taken as a matter of course the Emir, now King, of Cyrenaica, would also become King of new United Libya. But it was not so much this as the innate l of sympathy between Tripolitania and Cyrenaica which gave to jealousies and discord between the two larger provinces of future united Kingdom. Moreover the Arab League, encoura by the presence of Egyptian and Pakistani delegates on the Un Nations Commission, had for some time been stirring up opp tion among the anti-Senussi elements. A further complica arose out of the Communist influences which had sprung among a few opportunist elements in the Italian populatio Tripoli city. Communism had no foothold at all in Libya, but creation of a coherent opposition to the existing order had effect, no doubt intended, of arousing other discontented elem of the Arab population. Thus by the end of the first quarte 1951 Arab opposition had in its turn become coherent.

In all fairness it should be said that the Arab opposition p had no sympathy with Moscow, or with Communist principle was composed of Arabs with a grudge, combined with the ine able Eastern love of intrigue. Up to a point, the grudge

gitimate. The dissidents were led by men who, no less than the nussi of Cyrenaica, had been bitterly opposed to the Italian rule, d who had endured exile for as long as thirty years rather than bmit to it. Many of them were important landowners, and, llowing their departure, the Italian Government had requisioned their lands and turned them into Italian colonial settlements. The original owners, on their return to Tripolitania from 45 onwards, expected the Italian settlers to be expelled and their operty returned to them complete with the improvements that d been made during their absence. They could not understand hy the Administration would not, and could not, comply with eir wishes. Not only were the Administration's hands tied by ternational agreements, but the hardworking and law-abiding alian peasantry had developed their farms so well that they had come a vital factor in the country's economic life. To expel em might have meant economic ruin. But the dissidents failed appreciate this, and they also felt some resentment towards ose Libyans who were being prepared to take up the reins of overnment; in their bitterness they maintained that every good ibyan should have gone into exile with them rather than submit the enemy yoke.

When, in April 1951, the future King paid his first official visit Tripoli, the explosion of a small bomb ten yards in front of his r during his procession to the palace brought home the serious ture of the opposition to the proposed form of government. wo new weekly newspapers had begun to circulate in the city, d as the summer advanced the nature of their attacks on the isting Government left no doubt that the opposition leader had llen under the influence of the Egyptian Wafd party. 'Out with e Foreigner' and 'Expel the Imperialists' became the new gans—aimed perhaps as much at the Americans, and their ilitary air base east of Tripoli, as at the British.

The Communist element joyfully encouraged this campaign playing on the theme of 'Libya for the Libyans'. Unblushingly ey declared that all good Italians were opposed to the Government of Signor De Gasperi, and that Italians at present in Libya ould welcome with open arms the opportunity of becoming ibyan nationals. The game grew fast and furious, until in June it came necessary to suspend one of the opposition newspapers d deport its editor to his country of origin, Tunisia. After that e Communist element went too far and at last provided an

opportunity for its suppression. Early in November seven of t
leading lights were deported, with the result that the pa
collapsed and has now ceased to exist. The Arab opposition pa
also became less vociferous.

All might yet have been well but for developments in Egy
Libya's eastern neighbour. The effect of the open declaration
war against the 'Imperialists' by the Wafd Government was
give the opposition the assurance that they had strong support
their campaign for freeing Libya from those same 'Imperialist
This impression was further enhanced by the sudden focusing
world attention on events in Tunisia, on Libya's western borde
The one remaining opposition newspaper redoubled its attacks
the 'undesirables' to such an extent that official protests had to
made. Again the harassed British Administration found their han
tied. More than once they had suggested the deportation of t
opposition leader Bashir Bey Sa'dawi, but they were overrul
Such an action, it was said, would be considered undemocrat
and would create a bad impression within the United Natio

It was in this unhappy atmosphere that Independence D
arrived on 24 December 1951. Early that morning final pow
were handed over by the British Administrators to the lega
constituted Libyan Government. Later the members of the n
Federal Government, then in Tripoli, left by plane for Benghа
to receive their appointments from the Emir Idris el Senussi, w
from that moment became King Idris I.

Immediately following Independence Day, the new Gover
ment set to work to prepare for Libya's first General Electio
and the opposition, confident of an overwhelming victory throug
out Tripolitania, launched forth upon an electioneering campai
which was a good deal more vigorous than that of the Governme
supporters. For a while the opposition appeared to make consid
able headway, exploiting the interest shown by the Arab Leag
in events in Egypt and Tunisia. Their first setback came wh
news filtered into Libya of the Cairo riots of 26 January, wi
details of the atrocities committed against foreigners, and partic
larly the British. The vast majority of the Libyan population w
deeply shocked by the event, particularly as they had no seric
quarrel with the British. Even the majority of the opposition su
porters felt that a massacre of foreigners in Tripoli was the l
thing they wished to bring about.

In an effort to rescue the chestnuts from the fire, oppositi

opaganda then proceeded to switch public attention on to the licate matter of the military treaties. Britain, the United States, d France have all had military garrisons of some kind in Libya ice 1943, and it has always been a foregone conclusion among the inking public that they would remain after the State had hieved independence, at least until Libya had a properly trained my of her own. Formal treaties would have to be signed with the byan Government, and leases arranged for the use of military operty, most of which was installed by the Italians to house their cupation troops. To the populations in the towns where the rrisons are situated the signing of these treaties would ensure nployment, and they are naturally pleased at the prospect.

With the Egyptian situation ready to hand, and making full use the misstatements of the Egyptian Government of that time, hich were broadcast daily from Cairo, the opposition set to work invent lurid comparisons between what was happening in the anal Zone, and what would happen in Libya in the future less steps were taken to prevent it. The Libyan Government, on e other hand, endeavoured to play down the question of the eaties, and called on prospective candidates for the future rliament to leave party politics alone and think only of the good their country. This resulted in an unusual arrangement whereby opposition candidates became known as 'Mu'tamar' (National ongress) supporters, whereas all ostensibly pro-Government pporters stood as Independent candidates.

Administrative arrangements for the Elections developed noothly, and all classes of the population showed themselves to anything but apathetic about the issues at stake. Shortly before lling day the opposition leader, doubtless fearing that his party s losing ground, began through the medium of his newspaper make open threats as to what his supporters might do if they led to win the Elections. Followers of the 'Mu'tamar' were, th the exception of those groups who felt they had a legitimate udge against the Government, mostly drawn from irresponsible f-raff such as are to be found in any Mediterranean port. It was as comparatively easy to play upon their imaginations and in-me their passions. For instance, they were induced to believe at it was the will of Allah that their party should be victorious n the lines that those who did not support the party were not e Muslims) and that should the party fail it would be sure proof at Government officials had tampered with the ballot boxes. A

surprising amount of dirty linen was aired in public, and full p
was made of any past contacts which members of the Lib
Government might have had with the Fascist authorities.

To a certain extent circumstances played into the oppositi
hands. The electoral organization provided for two systems
voting. In Tripoli city, where the standard of illiteracy is c
sidered to be comparatively low, polling was to follow the norm
accepted routine, with the use of coloured slips of paper represe
ing the different parties, and secret voting facilities. In the coun
districts, on the other hand, where the standard of illiteracy
estimated at as high as 90 per cent, voters were to give the nam
their candidate by word of mouth to an official who, bef
selected witnesses, would write down the name in a register.

When Election Day—19 February 1952—came, trouble f
broke out in the coastal town of Misurata, to the east of Trip
where the police, after the crowd had fired shots and thro
grenades at them, were obliged to open fire, inflicting considera
casualties. The first results to come through were those of Trip
city, where the opposition won all five seats with a sweep
majority. In spite of this, when the results began to come in fr
the country districts, it became apparent that the 'Mu'tam
party were losing heavily. Hostile demonstrations broke out afre
culminating in what was officially described as an armed ins
rection in Tripoli city itself at mid-day on 21 February, in acco
ance with threats made by the opposition newspaper some ti
before. The Tripolitanian police force—recruited from
Tripolitanian Arab population and commanded by a group
British police officers—suppressed the riot within an hour,
young Arab recruits in particular showing both courage a
efficiency. That night the opposition leader, Bashir Bey Sa'da
was arrested together with several of his followers and relations a
deported next morning in an Egyptian plane. The 'Mu'tam
party headquarters were closed down and the opposition newspa
suppressed. Further slight disturbances in outlying districts w
quickly subdued by the police, and since then there has been
further trouble. But in the meantime certain influential tri
chiefs, followers of Sa'dawi, disappeared overnight and th
whereabouts is still unknown.

King Idris decreed that the new Parliament should open
Benghazi. It consists of a Lower House and an Upper House,
Senate. The Lower House contains fifty-five seats—thirty-five

ripolitania, fifteen for Benghazi, and five for the Fezzan. Each eputy represents approximately 20,000 of the population. The Ipper House is composed of twenty-four Senators, twelve of hom have been elected and twelve appointed by the King. The ederal Prime Minister is also appointed, not elected. At present iere is some speculation as to what is to become of the Opposition. he 'Mu'tamar' party, as such, has been outlawed, but its eight ected candidates, who include five representing the 100,000 tizens of the twin capital of Tripoli, have been permitted to take ieir seats. The Government's attitude towards the Opposition encouraging and augurs well for the future of the new State; their view, an opposition party can serve a very useful purpose rovided it is loyal to the King and to the Constitution.

The opening of Parliament duly took place on 25 March, which as declared a national holiday. Preceded by a motor-cycle escort, ing Idris I drove to the Parliament building through flag-edecked streets and was there warmly acclaimed by his Senators id Deputies. The speech from the Throne was read by the ederal Prime Minister, Mahmud Bey Muntasir, who is un-oubtedly one of the most outstanding personalities in Libya to-iy. It met with universal approval, particularly on account of its ferences to the minorities, to the assistance Libya would receive om foreign States, and to the creation of a Libyan Army. The overnment undertook to respect the rights and interests of the reign minorities in Libya, and expressed the hope that they, in ieir turn, would respect the country's traditions and customs and sist in the peaceful development of the State. As to foreign aid, it as explained that the Government had accepted offers of assist-ice on the advice of the United Nations Commission. This assist-ice is, in fact, considerable. Apart from Great Britain's contribu-on to meet the annual Budget deficit, which is in the region of 1,500,000, financial help will also be received from France, whilst e United States have agreed, under the Point 4 Aid programme, allot £1 million up to June 1953 for the initiation of special velopment plans. In addition, a Libyan Public Development id Stabilization Agency has been set up, to which Great Britain to contribute £380,000 a year and France £50,000 a year; one its main purposes will be to stabilize the economic situation in nes of drought. Italy is also contributing technical aid.

The need for an efficiently trained Libyan Army impressed elf on the public mind during the electioneering disturbances in

February. It is proposed to raise a force of 3,000 men by the
of 1952, organized so that they will be able to patrol Lib
extensive frontiers and to assist the overworked police in m
taining law and order in the more distant parts of the th
Provinces. The nucleus of this force will be drawn from the R
Guard and from the Police, and its arms and equipment will
provided through foreign aid.

On the completion of the inaugural meeting of Parliament
Benghazi, it was announced that Parliament would reopen
Tripoli on 27 April. This, together with the visit to Tripoli
Queen Fatima of Libya on 7 April, has done much to minimize
more dangerous aspects of the rivalry between the two capit
Meanwhile, the change-over to sterling-based currency, int
duced on 24 March and designed to give Libya the support
markets of the sterling bloc, has been effected surprisin
smoothly.

Throughout these developments the original opposition has
mained silent, and at present it seems possible that the sediti
elements among them may have realized the folly of their w
and be now prepared to give their loyal support to the K
though conjecture is naturally rife as to the turn their fut
activities may take.

Thus, with the opening of Libya's first Parliament, the pref
to the story ends and the first chapter in the modern history of
United Kingdom of Libya begins.

H. G

Tibet Today

BEHIND a formidable barrier of gigantic mountains and forbidd
deserts Tibet lived in a kind of timeless paradise until the wor
distances began to contract, making it impossible even for the
motest countries to keep aloof. When the Tibetans realized that
flood tide of our century was about to sweep the 'Forbidden La
it was too late: Tibet's isolation, once a weapon beyond price,
definitely turned against her.

Estimates of the population of Tibet vary widely. Most of
frontiers, particularly those to the east and north-east, are
definitely established, and the extreme estimates of the count
area vary between six times the size of the British Isles

renty times their size. For centuries every Chinese schoolboy has ɪen taught to regard Tibet as an integral part of the Chinese mpire, whereas the Tibetans maintained the view that their untry had always stood on its own feet, that all the wars fought tween Tibet and other countries had been waged and settled by e Tibetans themselves without any help from China, that Tibet d an army and currency of her own, and that Tibetan Governents had always governed their country in a much more orderly anner than successive Chinese Governments had governed hina. Moreover, in the Tibetan view, the agreements between hinese Emperors and the priestly kings of Tibet were in the ture of 'co-operation between priest and layman' and never imied Tibet's allegiance to China. Time and again the Chinese allenged that view, and the present Tibetan policy of Mao Tseng's Government merely continues the traditional Chinese aspiraons to control Tibet. Until a comparatively recent past the Chinese ere not nationalistic in the Western sense, and until they came ıder the influence of a series of foreign ideologies many Chinese d not consider the international status of their country of any ıportance. But by now Chinese nationalism has grown into a rmidable force, and the major part of the élite, whether Comunist or not, has come to regard it as imperative that China ıould develop into a powerful nation. The traditional Chinese licy in regard to Tibet is therefore being pursued with greater gour than ever before.

For the last few years Tibet, the colossal natural fortress towerg above the three most populated realms of the world, has been e scene of a formidable war of nerves between two of the toughest tions on earth. From the earliest stages of the Chinese Comunists' advance they did their utmost to curry favour with the ibetans. Captured officers were allowed to keep their swords and ceived salaries at the same rate as Chinese officers of similar rank. ading ecclesiastics, including seven abbots and Living Buddhas, ere invited to join the so-called autonomous Government estabhed by Tibetan nationals in eastern Tibet. Many of the measures ken by the Chinese Communists appeared to be haphazard and ntradictory. In some districts a tax was levied on expensive garents worn by non-ecclesiastics, but none on the robes of the ergy. As elsewhere, the aim of the Chinese Communists seemed be to confuse their opponents by contradictory moves, a policy hich Mao himself had frequently recommended in his speeches.

To impress the people, the Communists announced a p
bordering on the Utopian to build a motor road right across
Forbidden Land to the borders of India and Nepal, as soon as
conquest of Tibet should be completed. When the advance
Lhasa was being prepared by the Chinese Communists, m
reports from Tibet described how Communist agents, includ
women, sold in both occupied and unoccupied Tibet, right un
the nose of the Tibetan authorities, large silver coins showing
effigy of Mao Tse-tung, at prices which were much lower than
value of their silver content. The Tibetans, one of the tough
people to convert, quietly accepted the coins, made a profit
them, and—did not change their opinions.

The use of armed force against Tibet proved to be an extrem
costly affair. In the early stages of the campaign, while act
fighting was still in progress, more money was spent on
twenty to thirty thousand picked Communist troops sent to
easternmost part of the country than the amount spent on appro
mately a million men who had taken part in the crossing of
Yang-tse river during one of the biggest pitched battles in
Communist campaign for the conquest of the Chinese mainlan
For the first time invaders in that part of the world were tak
motor trucks with them in largely unmapped territories wh
there were virtually no roads. In order to cross rivers and gorges
trucks had to be taken apart, carried across by soldiers, and
assembled on the other side. Petrol was dropped by air. It cost
price of about 7,000 tons of rice merely to transport a thous
tons of rice from Cheng-tu to Darchendo in the Chinese Tibe
borderland. Some 2,500 of the picked invasion troops were
ported frozen and starved to death, and 3,500 seriously infec
with an obscure fever. Another few thousand were said to h
disappeared or were killed by tribesmen in uncharted territori

High mountains have always been a barrier to trade and to
advance of armies, but they are no impediment to the spread
ideas. The Communists know that their efforts to control Ti
will never be successful unless military occupation is linked w
ideological penetration, which is officially described as '
practice of learning'. The masses of the people, partly under
influence of anti-Communists, call it 'brain decolouration'.
Tibet now all army personnel, Government employees, and so
are invited to attend 'practice of learning' courses.

[1] According to statements made by refugees from Red China.

Only two or three years ago many educated Tibetans were
tremely friendly to the United States, who to them seemed to be
edestined to fill the gap left by the withdrawal of the British
om neighbouring territories. They had unbounded faith in the
nited Nations, and had not jealous Tibetan officials intercepted
 all-important confidential memorandum written in Tibetan by
le of the best friends of the country abroad, Tibet would have
ied to join the U.N. two years ago. Moreover, from reports
iblished in Tibet it would appear that when the Tibetan delega-
m under H. E. Shāgappa arrived in Washington in July 1948 to
ead for assistance they were asked to submit statistics, an im-
ssible performance, as the estimates of the population, area, and
sources of Tibet vary to the extent of many hundred per cent.
will also be remembered that in order to safeguard the indepen-
nce of the country the Tibetan Government in 1950 made a
ther desperately worded appeal to the United Nations, which was
t put on the agenda. 'Oceans of goodwill', said reports from
ibet, 'have been lost'. The air in Central Asia was filled with un-
ntradicted Communist broadcasts in Tibetan, and when, in the
ring of 1951, the Tibetan Government, out of its own meagre
sources, had succeeded in establishing three small anti-Com-
unist broadcasting stations, it was already too late. The 'Mirror
World Events', the only widely read Tibetan periodical, often
scribed as an 'iron wall against the infiltration of subversive
achings', was left practically on the verge of bankruptcy, while
ommunists lost no time in establishing their own newspapers.

Readers of the modern Tibetan press are amazingly well-
formed about developments in the rest of the world. A whole
cabulary has been coined to convey an idea of Western achieve-
ents. Nowadays many Tibetans know of the atom bomb and the
nger of war, of jet planes and air crashes, of the problems of
erproduction and undernourishment, and many other aspects
modern progress. Modern Tibetan journalists describe broad-
sting stations as 'air news buildings', railway stations as 'fire
bby halting places', cinemas as 'electricity prints-in-series
uses', airplanes as 'sky boats', and telephones as 'between
outh and mouths'. 'Western jet planes which move faster than
e human voice', writes a modern Tibetan paper, the *Yulchogs-
oi-sargyur-melong*, 'could nowadays cover the distance between
lcutta and Lhasa in half an hour.'

To this day, most Tibetans regard material progress as useful

only in so far as it actually serves man, and this attitude will
to make things difficult for Communist propaganda, particul
as far as the older generation is concerned. Most Tibetans are
willing to pay too high a price for progress, and many traditi
values continue to exert their influence on the mass of the peo
Tibet still calls herself 'the most religious country on earth
fact of which the Chinese Communists are fully aware. S
recent news items as that 'the Chinese Reds are about to occ
the Tibetan monasteries', or that 'the Dalai Lama will soon
reduced to a shadow unable to communicate freely with his
gious subordinates', must therefore be taken with a pinch of

In their negotiations on future developments involving
status of the 'Forbidden Land', both China and Tibet hold tr
cards. For a long time past, any forces trying to conquer T
have tried to gain control over the incarnate lamas who are
pivots of ecclesiastic and wordly power in Central Asia, and
fight is often marked by typically Central Asian moves
counter-moves. In the present instance, as soon as the adviser
the now fifteen-year-old Panchen Lama had gone over to
Communists, the Tibetan authorities farther west threatene
recognize as the only genuine incarnation of the Panchen L
another incarnation, taken from the Pa-sho province to Lhasa.
now the Panchen Lama, who recently returned to Shi-ga-tse fr
Pekin, where great honours had been bestowed on him by Ma
person, has won wide recognition, but nevertheless all his polit
and religious power is no match for that of the Dalai Lama, e
of a Dalai Lama in exile. Normally, out of the fifty administra
districts into which Tibet is divided, only three are dependent
the Panchen Lama. Soon after the first Communist spearhe
had entered Tibet proper a year ago, the Dalai Lama withdrew
a small monastery near the Indian frontier, though he has si
returned to Lhasa. It is definitely not in the Communist interes
induce him, by displaying a 'stiff' attitude, to leave the countr

In their negotiations with the Dalai Lama's entourage,
Chinese Communists showed that they had fully exploited
cardinal mistake made by those who seemed to be predestine
become Britain's successors in Inner Asia—their purely materi
tic approach to the Tibetan problem—not to speak of the m
mistakes made by leading Tibetans themselves, who, by maint
ing a rigid seclusion of the country in regard to foreign ideas
ideologies, had left the masses unprepared for their impact.

many parts of Tibet, for instance, the Communists were described as 'small dukes', thus conveying the impression that they were something in the nature of rebellious feudal lords. Some of their moves, as the entourage of the Dalai Lama and other leading Tibetans could not but recognize, bore the stamp of considerable skill. Many Communist-inspired insurrections against the Government were represented as purely local and Tibetan affairs, for the Chinese are fully aware of the extent to which the Tibetans resent foreign interference of any kind. Time and again, for instance, one of the most vigorous pushes from the east was styled 'the war between Tibet and Kham' (a Tibetan province to the east).

It has also been imperative for the Chinese Communists to keep on good terms with the Dalai Lama since his religious sphere extends to vast territories under both Russian and Chinese domination. Sino-Russian relations, are in a measure, bound up with Tibetan issues. Both China and Russia are vitally interested in preventing news about 'misunderstandings' from reaching the outside world, but the vast expanses of Inner Asia baffle even the most strenuous efforts of efficient police organizations. Leakages relating to such 'misunderstandings' include, for instance, reports from Sinkiang. It is no secret in Tibet that the two Communist Powers have made an effort to conceal latent misunderstandings concerning that country. Moreover, the parachuting of Russian scientists into Western Tibet to conduct surveys with a view to establishing air bases there induced the Chinese Communists to embark on military moves of their own in that region. These moves, though necessarily on a small scale in such an extremely sparsely populated area, were nevertheless sufficient to emphasize in a courteous but determined manner that the Chinese were unwilling to loosen their grip on the whole of Tibet. But to cover up the real issue a few Russians were ostentatiously invited by the Chinese leaders to take part in the moves in Russian uniforms. Jeeps, which incidentally seem to have proved extremely useful in recent military movements in Tibet, have lately been parachuted by the Chinese into the Manosarowara district in Western Tibet, and the Chinese grip on Western Tibet has been fully established.

Many educated Tibetans continue to watch these developments with unusual interest. For some decades Tibet had maintained her independence by skilfully playing off the surrounding Powers against each other. The withdrawal of Britain from India, with the consequent alteration in the balance of power in and around

Inner Asia, and the alliance of China and Russia have ca
many educated Tibetans to look forward to another era of avo
rivalry between surrounding Powers of fairly balanced stren
which they believe might once more pave the way for vi
Tibetan independence as it existed in the past. Yet many Tibe
realize that the inaccessibility of their country no longer afford
effective barrier against well-equipped and resolute invaders.

The Central Asian 'Anschluss' was, in the view of many l
ing Tibetans, largely a matter of expediency. Only a little
a year ago a prominent Tibetan on a visit abroad declared
'Tibet was about to raise a militia of a hundred thousand men
would fight to the last man and the last bullet'. Experience go
show that such statements in Central Asia, where a general ma
regarded a 'hero' if he succeeds through bribery in having
opponent supplied with faulty ammunition, have to be taken
a pinch of salt. Therefore, though many Tibetans are extre
hostile to Communism, they reluctantly reached the conclu
that expediency demanded their consent to an agreement
Mao Tse-tung. But they only gave that consent after they
abandoned all hope of help from other quarters. Incidentally,
also realized that the Communists would inevitably exploit
bad impression made on the Tibetan people in the non-occu
part of the country by the headlong flight of many wealthy
ecclesiastics, whose mules carrying treasures of every descrip
had crowded the paths out of the cities and family estates. In
respect Tibetan ecclesiastics have shown much more restraint
public spirit than the wealthy lay members of the communit

The recent return of the Dalai Lama to Lhasa has enabled
Chinese to maintain a regime accepted by the Tibetans. So fa
Communists have not dared to make any wholesale denuncia
of the Lamaic faith as such, but have confined themselves to
stricting the power of the leading ecclesiastics to the spher
religion. The Tibetan Army, apart from a bodyguard left
matter of courtesy to the Dalai Lama, has come under Commu
control. In a country where peasants are traditionally inure
oppression, the Chinese make payment for everything they
'You are strictly forbidden to seize even as much as passes thro
the eye of a needle', runs an order recently given to comman
and administrators. The building of paths and roads is in prog
particularly in Eastern Tibet, where, as the Tibetan saying ha
'for six months in the year the snow buries you from head to

for three months the rain knocks your head off, and only for three months can you get through, with luck, by climbing like a dog'.

An airfield, for civilian as well as military traffic, is soon to be established near Lhasa, and the first bank was recently opened here. But generally sepaking the penetration of the country is not progressing smoothly. Anti-Communist influences have been at work to produce rises in prices as a means of fomenting popular discontent. The female water-carriers in the capital now recite sarcastic and ambiguous songs, a performance which, like many other things in Tibet, cannot be curbed by force. Typical of the Tibetan attitude towards their invaders is the following report which appeared recently in the Tibetan newspaper published in Kalimpong, just across the Southern border of the 'Forbidden Land': 'A few days ago, further Chinese plenipotentiaries who will run the Chinese administration in Lhasa arrived in this town (i.e. Kalimpong) on their way to the capital. At a public reception the Chinese chief delegate made a speech from notes which he had prepared in advance. When the audience was told that it might put questions, no one decided to avail himself of the privilege. Then an elderly Tibetan was asked to make a speech, a pleasant duty which he found it expedient to accept. He said that Tibet had always stood on her own feet and that it would be a wise course to allow her to remain virtually independent, lest terrible misfortunes befall those who try to interefere with purely Tibetan affairs.'

Meanwhile, many Tibetans are biding their time. The Dalai Lama himself exchanges presents, with truly Asian courtesy, with the heads of the Chinese military and political administration in Lhasa. Communist propaganda, skilfully availing itself of the services of indoctrinated persons of Tibetan race, has made undeniable progress among the younger generation, but many older people continue to maintain that materialistic doctrines carry within themselves the seeds of ultimate disintegration, and some even envisage a gradual transformation of Communism into a 'theocratic and truly altruistic movement run by the wise and learned'. Some others laugh at the idea. China has abolished most of the traditional values which provided the unseen framework of the Chinese Empire, but in Tibet she has now come into close contact with another set of such values. And time and again it has been seen that the influence exerted on world events by developments in Tibet went far beyond the political and economic significance of the 'Forbidden Land'.

T. I.

Iron and Steel in the Soviet Unio

Told in bare figures, the story of Soviet iron and steel is spectacular progress. Production of pig-iron and ingo amounted in 1928 to 4 million and 4·8 million tons respec it had increased to 15 million and 18·3 million respectively in during the post-war period it increased still further, and r 22 million and 31·2 million tons in 1951. In other words, s from a productive capacity equal to that of Britain in the yea but with a population some four times larger and with n resources commensurate with her size, the Soviet Union twenty-three years reached an output of steel equal, as a bureau spokesman recently put it,[1] to that of Britain, Franc gium, and Sweden taken together. The record is impressiv though per capita production in the U.S.S.R. still rema behind that of the countries which she has exceeded in bul

There is, of course, another story behind these figures; of human misery and incredible hardship, of waste and cru story of how peasant Russia, under compulsion, gave up br iron and, barefoot and half-starved, built modern giant pl the Urals and in the steppes behind. '. . . millions of m women starved, froze, and were brutalized by inhuman labo incredible living conditions',[2] writes an American who to in the building of Magnitogorsk. 'I would wager,' says th author, 'that Russia's battle of ferrous metallurgy alone m more casualties than the battle of the Marne.' The grim me of the 'thirties, however, may by now be half-forgotten. recent memories of the last war, when these very factories b a line of industrial retreat after the older centres in the W been overrun by the enemy, may have vindicated in the ey new generation of Russians some, at least, of the toil and which their building had entailed.

By 1928 the industry had recovered from the ravages of t war. The only factories then in existence were those inherite pre-revolutionary times. With the growing demand for meta of them were enlarged and, to a great extent, moderniz increase in steel output in the first five-year plan was due entirely to the extension and improvement of these 'old' fa

At the same time work was started on a number of new fa

[1] Lavrenti Beria at the 1951 November celebrations (*Pravda*, 7 Nov

[2] John Scott, *Behind the Urals* (London, 1942), p. 54.

These were built chiefly in the East in order to utilize the enormous mineral resources of the Urals and of Western Siberia, and, of course, with a view to military safety. But some important new factories were also built in the traditional South. They were all large, modern, complex factories, sometimes real giants combining metallurgical and chemical industries; they were modelled on American plants and often built with the help of American and German technicians. As construction proceeded, plans were repeatedly altered and aims became more ambitious; finished factories came to be regarded as the first instalments of vaster projects; investments were planned for ten and fifteen years ahead.

Returns on these vast and costly investments began to come in during the 'thirties. Between 1928 and 1937 the output of steel increased nearly fourfold. An impressive number of new blast-furnaces, open-hearth furnaces, rolling mills, and other equipment were put into operation.[1] In 1940, 80 per cent of the total production of iron and steel came from factories which were either new or reconstructed by Soviet authorities.[2] The most significant result of that period, however, was the creation of a large and efficient industry in the East.

POST-WAR RECONSTRUCTION

The post-war plan resumed the construction programme interrupted by the war. In the South, where the industry had suffered severely in the war, the main task was one of reconstruction. In the East rapid expansion was planned. Production of metal in the whole country was to be doubled in five years; the 1950 rate of production was expected to surpass the pre-war figure by some 35 per cent.

In fact, the progress of the industry, which had been slow at first, soon became even more rapid than had been anticipated,[3] and in 1949 the authorities felt confident enough to raise officially the target figures.[4] The output of steel in the last three years of the plan increased at an annual rate of some four million tons; in 1950 production of pig-iron and steel was respectively 29 per cent and

[1] During the first two five-year plans the numbers were thirty-seven new blast furnaces, 131 open-hearth furnaces, and sixty-four rolling mills. The number of reconstructed units was higher (*Planovoe Khozaistvo*—subsequently referred to as *Pl Khoz.*, No. 8, 1939, p. 65).

[2] *Pl. Khoz.*, No. 2, 1946, p. 89.

[3] Dismantled German machinery, transferred to Russia and re-erected in factories there, undoubtedly played a very considerable role in the recovery of the Soviet industry. This point is, however, never mentioned by Soviet writers.

[4] *Pl. Khoz.*, No. 1, 1950, p. 18.

49 per cent above pre-war level; a similar rate of expansion was maintained in 1951. At the present rate of development, the industry is likely to reach the output of 60 million tons of steel long before 1960, the year set for the achievement of this figure.

OUTPUT OF IRON AND STEEL IN THE U.S.S.R.
(*in million tons*)

	Pig-iron	*Ingot Steel*	*Rolled Steel*
1913	4·2	4·2	3·5
1928–29	4·0	4·8	3·9
1932	6·2	5 9	4·4
1937	14·5	17·7	13·0
1940	15·0	18·3	13·1
(1942 Plan)	(22·0)	(28·0)	(21·0)
1945	8·9	12·3	8·5
1946	10·0	13 4	9·6
1947	11·4	14·6	11·0
1948	13·9	18·7	14·1
1949	16·5	23 3	17·9
(1950 Plan)	(19·5)	(25·4)	(17·8)
1950	19·3	27·3	20·8
1951	22·0	31·2	23·8

Sources: *Pl. Khoz.*, No 7, 1940, p. 25; *ibid.*, No 2, 1946, p. 89; *Sovetskaya Tekhnika za 25 let*, Moscow, 1945; *Bolshaya Sov. Ents*, *SSSR*, pp. 807–8; *Voprosy Ekonomiki* (subsequently abbreviated to *Vop. Ekon.*), No. 6, 1951, p 30; *Pravda*, 17 April 1951; *ibid.*, 7 November 1951.

The principal raw materials of the industry, coal and iron-ore, are found in abundance in the U.S.S.R. A figure of 1,654,000 million tons is given as an estimate of the total coal reserve;[1] the proved reserves are also considerable and are continually growing as a result of geological surveying. Output of coal has been increasing in recent years by 20–25 million tons yearly[2] and reached 281 million tons in 1951.[3] Coking coal, too, seems to be available in sufficient quantities. In addition to the traditional Donetz Basin, important new sources of coal for coking have been developed in the Kuznetsk, Karaganda, and Pechora basins and in the Georgian, East Siberian, and Far Eastern fields.

RESOURCES AND CENTRES OF THE INDUSTRY

The reserves of iron ore were estimated in 1938 at 10,880 million tons; of these some 4,500 million tons were proved reserves of good quality ore, the so-called categories A and B, forming, as it were, the immediate reserve of the industry. More than half of it lay in

[1] *Bolshaya Sovetskaya Entsiklopedia, SSSR*, p.245.
[2] See 'Soviet Coal Production since the War', in *The World Today*, Dec. 1951.
[3] *Bolshevik*, No. 3, 1952, p.37.

uthern regions, i.e. in the Ukraine and in Crimea; about a
er in the Urals; some 13 per cent in the Central Region;[1] and
mainder in a number of widely scattered deposits.[2] These
ates refer only to ores of current commercial grades. There
in addition, enormous deposits of inferior ore which cannot,
e present, be used economically. Some 200,000 million tons
se quartzites were estimated to be in the Central Region
where, together with some high quality ore, they form that
gical curiosity the Kursk Magnetic Anomaly.

najor drawback is that nowhere, except in the South, do
tant deposits of ore and coking coal occur in proximity to one
er. Costs of production are increased by costs of transport.
ore forms the bulk of the material, some saving can be effect-
erecting the factory at the site of the ore. This is, in fact, now
ile. A satellite factory may be erected in the coal area, in
case the same railway wagons will carry coal one way and
e other, and the costs of operation will be spread over a
mass of product.

e Ukraine is an exception; there the Krivoi-Rog ore, the
as coal, the Nikopol manganese ore, and the Elenovo lime-
, as well as refractory materials of all sorts, all lie within a
of 150 miles. In pre-revolutionary times most of the works
erected in the Donbas, but an important industry developed
n the lower Dneper, half-way between the coal and the ore.
largest of these enterprises were at Makeevka, Stalino,
evo, Dnepropetrovsk, and Dneprodzerzhinsk. During the
d five-year plan new Soviet-built factories went into opera-
longside the older ones. Among the new factories was a plant
ivoi-Rog, the ore-mining centre; one at Zaporozhe, the site
well-known Dneper dam and hydro-electric station; the
stal' factory built at Mariupol with a view to utilizing the
ore deposits, the largest in the U.S.S.R.; another factory
rch, one at Nikopol, and others.

reat deal of new construction is reported to have taken place
the post-war plan both at Mariupol and at Zaporozhe.[3] It

the provinces of Tula, Voronezh, and Kursk.
Khoz., No. 11, 1939, p. 45. The total figure, as well as the geographical
ution, may have altered somewhat since 1938. I. P. Bardin and I. P.
in their fairly recent publication (*Chernaya Metallurgia v Novoi Piatiletke*,
v-Leningrad, 1947) also refer to the figures of 1938 and add: 'Geological
h has remained behind the development of the industry . . . the raw
ls are mainly supplied from long known deposits' (*ibid.*, p. 39).
Khoz., No. 3, 1948, p. 25.

would appear that priority in reconstruction (involving a large measure of new construction) was given to these 'new', as opposed to the 'old', factories of the Donbas group. But the latter, too, have been reconstructed and partly modernized; some of the heavy and dangerous duties, connected with internal transport, charging the furnace, tapping or pouring the metal, and so on have only now been mechanized.[1] Output of metal in the southern region in 1950 is said slightly to have surpassed the pre-war production figure.[2]

In the Central Region, ore is mined and smelted at Tula and Lipetsk, while steel is produced also in Moscow ('Elektrostal' and 'Serp i Molot') and, on a smaller scale, in several other places. But production falls far short of the needs of this region, which contains some very important engineering centres; large supplies of metal are annually 'imported' from the South and from the Urals. The steel industry in this region is expected to make rapid progress after the hydro-electric power stations on the Volga have been completed. Electric steel is already being produced in a number of industrial centres in the Volga region.

The Leningrad region, also an important consumer of metal, has no resources of its own. The discoveries of ore deposits on the Kola peninsula and of coal on the Vorkuta and Usa rivers (Pechora Basin) have given rise to a project of bringing the two together and founding a metallurgical industry in the north-western region. The distance from the sources of ore and coal to Leningrad is considerable even by Russian standards, and for the project to be economically sound solutions had to be adopted which are minor curiosities. The project was embodied in the post-war plan.

THE URALS AND WESTERN SIBERIA

Only an industry of the most primitive kind existed in the Urals until some twenty years ago. A few score enterprises carried on a traditional trade of smelting the rich local ores by means of charcoal produced in the woods around; the modern blast furnace was unknown. This backwardness had several causes, but it was principally the lack of good coal among the mineral resources of the Urals which stopped their industrial development, just as the availability of good coal had made the fortune of the Ukraine.

To make up for this deficiency, the Soviet authorities decided to carry coal to the Urals from Kuznetsk, the coal basin in Western

[1] *Mekhanizatsia trudoemkikh i tiazhelykh rabot*, Nos. 6 and 10, 1951.
[2] Official report, *Pravda*, 17 April 1951.

Siberia. The Urals-Kuznetsk Combine, embodying the union of coal and ore across the 1,200 miles of the Siberian plain, was formed in 1930. Two years later factories were opened at Magnitogorsk and Stalinsk, the sites of the ore and the coal. This event has been much overworked by Soviet propaganda, but its importance should not be underestimated: it made cheap metal available in quantity to the Soviet East. An engineering industry grew up almost simultaneously, represented by such giants as the Sverdlovsk 'Uralmash', the Chelyabinsk tractor factory, and the Nizhny-Tagil factory of railway wagons; other industries followed. On the eve of the war the Urals were already of great industrial importance; during the war 'they were transformed into the principal and most powerful industrial area in the country'[1] and they have remained so in the post-war years.

The development of iron and steel output in the Urals is given in the following table[2] (in million tons):

	1927–28	1932	1937	1950
Pig iron	·67	1·24	2·6	6·7
Ingot steel	·87	·99	3·5	9·4

The largest factory is the one at Magnitogorsk. According to the 1936 project, it was to comprise eight blast furnaces, each 1,180 cubic m. in volume, 'fully mechanized on the American model'; 682 coke-ovens; twenty-seven open-hearth furnaces, each with a hearth capacity of 150 tons; two blooming mills; a rail-mill of 1,200 thousand tons annual capacity; and other specialized rolling equipment. The total planned capacity was 4·3 million tons of pig-iron, 4·8 million tons of steel, and 3·7 million tons of finished steel; ancillary enterprises were to branch out into the chemical and non-ferrous metals industry.[3] The post-war plan provided for the construction of the last stages of this gigantic enterprise.[4] From analogy with earlier projects it may be assumed that the plans were, if anything, rather enlarged when carried into effect.

Three other factories were constructed under the second and

[1] N. Voznesensky, *The Economy of the U.S.S.R. during World War II* (Washington, 1948), p. 43: 'Four hundred and fifty-five enterprises were evacuated here (i.e. to the Urals). . . Whereas the total output of the engineering and metal working industries in the Urals was valued at 3·8 billion roubles in 1940, in 1942 those industries turned out 17·4 billion roubles' worth of production.'

[2] Data from *Bol. Sov. Ents*, vol. 56, p. 201, and *Itogi Vypolnenia Vtorogo Pyatiletnego Plana* (Results of Second Five-Year Plan), Moscow 1939, p. 82–3; the 1950 estimates are based on Bardin and Banny, *op. cit.*, p. 27, and *Pravda*, 17 April 1951.

[3] *Bolshaya Sovetskaya Entsiklopedia*, vol. 37, pp 653–4.

[4] Six blast furnaces, twenty-two open-hearth furnaces, and eight coking batteries were in operation at the end of the war.

third five-year plans: at Nizhny Tagil, Chelyabinsk, and Orsk. The first two began operation respectively in 1940 and 1943 and were to be considerably expanded under the post-war plan, when the Orsk factory was also expected to start production. All three are located in important mining areas. The resources of the Tagil region are second only to Magnitogorsk; the Chelyabinsk factory (called also Bakal factory) is based on the Bakal mines which also supply an older ferro-alloy factory in the same town; the Orsk factory forms part of the Orsk-Khalilovo Combine based on the Khalilovo ores. The latter ores are particularly valuable in that they contain chrome, nickel, and other alloying elements as their natural constituents. The post-war plan provided also for 'the continuation of the construction of four metallurgical factories in the Urals and in Siberia';[1] the whereabouts and characteristics of these factories have remained secret.

All Urals factories still depend, to some extent, on Kuznetsk for their supplies of coal for coking. The connection with Kuznetsk is strongest in the Middle Urals; the factories in the Southern Urals (Magnitogorsk and Orsk) now depend more on Karaganda, the coal-basin in Kazakhstan some 600 miles away. A plan existed to bring Pechora coal to the Urals, and a railway line was planned for that purpose from the extreme North along the slopes of the Urals to the Serov region.[2] For fuel and power purposes, sufficient coal is probably now produced in the numerous smaller coal basins which had been developed in the region.

Despite the additional costs of hauling coal over considerable distances, production of metal in the Urals has proved not only economic but also in fact cheaper than in the Ukraine.[3] Apart from higher productivity,[4] among the factors which favour the Eastern enterprises are the quality of the available raw materials and the ease of their extraction from the ground. Magnitogorsk ore, for example, is three times cheaper than that of Krivoi-Rog; the cost of mining in the Kuznetsk and Karaganda coal-basins is so much below the average in the U.S.S.R. that the difference makes up largely for the cost of transport; the quality of the coal (particularly the freedom from sulphur and low ash content of the Kuznetsk coal) permits considerable saving on the quantities used.

The Urals produce a larger proportion of high quality metal than

[1] *Zakon o Piatiletnem Plane*, 1946. [2] *Pl. Khoz.*, No. 7, 1940, p. 35.
[3] Cost of production of pig-iron in the South was 50–60 per cent higher than in Magnitogorsk in 1940 and some 70 per cent higher in 1949 (*Vop. Ekon.*, No. 6, 1950, p. 36). [4] See below p. 220.

her centre. The abundance of high grade ores and the availa-
of a variety of alloying elements, chrome and nickel being the
common, have given rise to a ferro-alloy industry, represented
e two factories in Chelyabinsk and the factory at Orsk. But
ery highest grades of metal are produced in small works,
ing in charcoal-fired furnaces. These are the descendents of
aditional industry of the Urals, only modernized and made to
the most specialized needs of an advanced engineering indus-
Before the war their combined capacity was of some 900
and tons, only half of which was then in use.[1]

st of the iron and steel requirements of the Asiatic territories
e U.S.S.R. have been met by the Kuznetsk factory. This
y has proved one of the most efficient in the country and was
st to fulfil the targets of the post-war plan for iron and steel.
esent output is about 1·8 million tons of pig-iron and some
ion tons of steel. As has been stated, the Kuznetsk factory
uilt as a satellite of Magnitogorsk. But its dependence on
t Magnitogorsk ore lessened when ore-mining was started
nearby Gornaya Shoria, at first near Telbess and later at
agol and other places. The resources of the Gornaya Shoria
o be greatly developed under the post-war plan, and an out-
2 million tons of ore was planned for 1950. The total reserves
region, however, are rather slender: in 1938 an estimate put
it 114 million tons, 'sufficient to meet the requirements of the
y for twenty-two years';[2] in 1946 a figure of 170 million tons
ven including the Abakan reserves.

AL DISTRIBUTION OF THE PRODUCTION OF IRON AND STEEL IN THE U.S.S.R.
(in million tons)

	PIG-IRON					
	1913	1927–8	1932	1937	1940	1950 (plan)
	3·1	2·3	4·3	9·2	9·9	10·0
	·9	·7	1·5	4·1	4·2	8·6
	·21	·19	·36	1·17	·9	·9
	STEEL					
	1913	1927–8	1932	1937	1940	1950 (plan)
	2·7	2·5	3·6	9·3	9·4	9·4
	·9	·95	1·1	5·1	5·9	12·9
and Region	·6	·79	1·2	3·29	3·0	3·1

es: Data for 1913 (pig-iron), 1927–8, and 1932 from *Sotsialisticheskoe* dstvo, 1936, pp. 136–7. Data for 1913 (steel) and 1937 from A. I. *Ocherki teorii sotsialisticheskogo vosproizvodstva*, 1948, p. 264. Other are estimates, based on *Pl. Khoz.*, No. 2, 1940, p. 89, and Bardin and *Chernaya Metallurgia v Novoi Piatiletke*, 1947, p. 29.

Khoz., No. 9, 1940. p. 115.
Khoz., No. 1, 1940, p. 94. The ore (except that at Tashtagol) is generally quality.

Of the metallurgical centres developed in more recent times, those in the Far East and in Eastern Siberia are the most interesting because of their potentialities and of their strategic importance; but precisely for these reasons developments there have been kept strictly secret. An iron and steel plant was opened at Petrovsk-Zabaikalski in 1939 and was to be followed by another metallurgical factory in the same region; while an enterprise on a much larger scale, the 'Amurstal', was launched under the third five-year plan in the 'youth-town' Komsomolsk on Amur. The resources of the region, still largely unexplored, are reputed to be considerable. The present factories are based on the coal of the Irkutsk and Bureya basins and the ore deposits found on the Ilym and Angara rivers and on the lower Amur (Nikolaevsk).

The post-war plan provided for the creation of metallurgical industries in other outlying regions. In Kazakhstan, manufacture of steel from scrap metal was introduced during the war; this necessarily limited industry was to find a broader foundation in a full-scale iron and steel works using Karaganda coal, and ore from the Atasuysk and the Karkaralinsk deposits. The first steel furnaces in Uzbekistan to work on scrap metal were to be built at the same time. These two sources are expected to meet in the future all the basic metal requirements of the Central Asiatic Republics. In a similar way, Georgia was to become the metallurgical base for the Transcaucasian Republics. In addition to the ferro-alloy factory, built under the first five-year plan at Zestafoni (not far from the great manganese deposits of Chiatura), a large-scale iron and steel works was to begin operation in Georgia in 1947; it was to be based on ore from Dashkesan (Azerbaijan) and coal from the now greatly developed Tkvibuli fields. A subsidiary steel plant, specializing in pipe drawing, was planned in Azerbaijan for the needs of the oil industry.

Both large and small metallurgical centres are now made to produce the widest possible selection of finished products. The aim is to produce metal within easy reach of metal-working industries and thus to reduce transport. A different policy was pursued in earlier years. Until 1938 the emphasis was all on building large, concentrated, and narrowly specialized enterprises. The advantage of this policy was that it lowered costs of production; the drawback was that the finished products had to be transported from a few industrial centres to places all over the country,[1] increasing costs

[1] *Pl. Khoz.*, No. 1, 1940, p. 42.

and putting a heavy strain on railways. The narrow specialization had resulted in certain types of goods, e.g. pipes and sheet metal, being produced almost entirely in the South, while other products were obtainable only from the East. In 1938 a new scheme of 'specialization' on a regional basis was adopted, while the hitherto official planning policy was denounced as 'gigantomania'.

PRODUCTIVITY

It has been the dream of metallurgists in the U.S.S.R., as much as anywhere else, to produce steel directly from ore.[1] But the practice everywhere is still, and probably will be for a long time to come, to smelt the ore in the blast-furnace first, and then to process the pig-iron in the steel furnace. The use of scrap metal, in addition to pig-iron, in present day steel-making accounts for the steel output exceeding that of pig-iron in most countries. In the U.S.S.R. an inverted relation still existed as late as 1934, when 9·6 million tons of steel were produced for 10·5 million tons of pig-iron. At present steel is some 40 per cent in excess of pig-iron and there are steel works, especially in remote provinces, which work entirely on scrap. But supplies of old metal are necessarily small in a country where a large-scale industry is of recent creation and the accumulation of metal is still low.[2]

The development of the industry in the 'thirties involved revolutionary changes in the scale and methods of production. It has taken the Russians some time to acquire the knowledge and skill necessary to run the new factories, and many costly blunders were made in the first years. But by the end of the second five-year plan the initial difficulties had been overcome and the new techniques mastered. Schools and universities were turning out technicians by the thousand. The new technology was, essentially, an imitation of American methods, just as the factories were copies of American models. Between 1932 and 1937 the value of the equipment per worker in the industry increased about three times;[3] over the same period production per worker more than doubled; there was a marked improvement in furnace utilization; consumption of coke

[1] Work on new methods of preparation of metal, by-passing the blast furnace, was said to be at the laboratory stage in 1946 (*Problemy Chernoi metallurgii*, Moscow 1946, p. 11). In Germany such methods have been known since the 'twenties but all have proved uneconomic.

[2] In 1939 the amount of ferrous metal in any shape or form was some 110 million tons in the U.S.S.R., compared with 1,100 million tons in the U.S.A. (Bardin and Banny, *op. cit.*).

[3] From 5,700 roubles to 16,082 roubles.

was reduced;[1] losses of metal in smelting, rolling, etc. These and other indices showed the industry's increasing

Output per Blast-Furnace Worker (in tons of pig-iron a year)			Output per W… Open-Hearth … (in tons of steel	
1933	1937	1939	1933	1937
281·9	801·2	920*	145·2	400

Sources: *Sotsialisticheskoe Stroitelstvo*, 1933–8; *Vop. Ekon.*, N… p. 88; Bardin and Banny, *op. cit.*, p. 166.

The average figures of productivity conceal the great which existed between the factories in the East and th South, on the one hand, and between the 'old' and the 'n other. Even between factories of comparable size these (were considerable. For example, the output per worker togorsk in 1940 was nearly twice that in 'Azovstal', and that in the Dzerzhinski and Petrovski factories (Dneper {

No productivity figures have been published for the years. There can be little doubt that productivity in t was at first considerably lower than before the war, j because of the widespread destruction in the South. In 1(per worker in the South was still less than half the pre-w This, like the other effects of the war, must have been r by 1950, when the reconstruction of the South had been c

Of a more permanent nature has been the fall in the raw materials available to the industry. Before the wa made only of high grade ores, of an iron content of 55 pe more.[5] But reckless exploitation has considerably de|

[1] From 1,162 Kg. to 994 Kg. per ton of pig-iron (Notkin, *op. cit.*,

[2] Open-hearth furnaces account for nearly 90 per cent of all the ste in the U.S.S.R. (*Pl. Khoz.*, No. 2, 1951, p. 58). The Bessemer me on a limited scale and only in the South, as the only ores suitable process are found at Krivoi-Rog and for the basic (Thomas) proce In 1940 about 5 per cent of all steel was produced in electric furnac

[3] *Vop. Ekon.*, No. 6, 1950, p. 36. Bardin and Banny give the foll detailed figures for 1939 (*op. cit*, p. 166):

Output per Worker per Year (in 1939)

	Pig-iron	Steel
Magnitogorsk	2,840	1,168
Kuznetsk	2,324	1,389
Zaporozhstal	1,579	1,074
Azovstal	1,642	664
Petrovski	799	299

[4] *Pl. Khoz.*, No. 2, 1946, p. 89.

[5] *Pl. Khoz.*, No. 9, 1939, p. 139. The Krivoi-Rog ores, which f 54 per cent of the total ore supplies in 1940, contain 58–63 per cent as little as ·035 per cent of sulphur, and ·015–·06 per cent of j (*Pl. Khoz.*, No. 11, 1939, p. 52).

reserves of these rich ores and, unavoidably, lower grades are now being used. This has necessitated a wider application of preliminary treatment of the ores: washing, concentrating, sintering, etc.; the post-war plan laid great stress on building plant for these processes. The traditional grades of coking coal are being exhausted at an even more disquieting rate, and the problem of 'broadening the coal basis of the industry' has in recent years occupied scientists and industrial leaders alike.[1] Coke is now being produced from a wider variety of grades, but its manufacture is more complex and its quality often lower. The decline has been particularly marked in the South.[2]

On the whole, however, productivity was expected to rise and to have surpassed the pre-war level by 1950. Bardin and Banny estimated that post-war blast furnace construction alone would probably result in a rise of 12 per cent in overall blast furnace productivity.[3] Other factors expected to influence productivity were the increase of average steel-furnace capacity, a wider application of the Duplex process,[4] extension of continuous rolling processes, and, above all, mechanization of the heavy work of loading and unloading, of charging the furnaces, and so on.

The only technical indices disclosed for the industry in post-war years were those of furnace utilization. In 1947 these were already approximately equal to the pre-war figures; in 1950 they surpassed the 1940 figures for pig-iron and steel by 25 and 33 per cent respectively.[5]

AVERAGE COEFFICIENT OF UTILIZATION OF BLAST-FURNACE VOLUME[6]

1932	1937	1947
1·75	1·11	1·08

AVERAGE DAILY OUTPUT OF STEEL PER SQUARE METRE OF HEARTH AREA
(*in tons*)

1932	1937	1947	(1942 plan)
2·12	4·35	4·6	(5·3)

Sources: A. I. Notkin, *op. cit.*, p. 149, also *Vop. Ekon.*, No. 8, 1949, and *Pl. Khoz.*, No. 4, 1947, p. 45.

[1] S. I. Vavilov, *Sovetskaya Nauka na Novom Etape*, 1945, p. 95; *Pl. Khoz.*, No. 4, 1947, p. 35.

[2] *Pl Khoz.*, No. 3, 1948, p. 29. 'Donbas coal contains (now) more sulphur than it did before the war' (p. 35).

[3] Bardin and Banny, *op. cit.*, p. 167. The authors consider that productivity increases in direct proportion to the size of production units. In 1950 half the pig-iron was to be produced in furnaces of a volume of 1,000 cu. m. and over.

[4] A combination of the Bessemer and open-hearth processes.

[5] *Pravda*, 17 April 1951.

[6] This coefficient is calculated by dividing the number of cu. metres of furnace volume by the number of tons of pig-iron per day.

These figures are not, in themselves, a measure of productivity, but like all norms of utilization of equipment they are a fair indication of technical standards and efficiency in the industry. While the actual productivity figures at present remain unknown, it would seem that for 1950 a figure some 10 to 20 per cent higher than that for 1939 would be within reasonable limits of probability.[1]

The finished products are a good illustration of the priorities which govern Soviet economic life. The bulk of the steel goes into heavy engineering, factory building, railway construction, etc., and is accordingly rolled into rails or structural and other heavy profiles. The lighter types which are generally used in the production of consumer goods form a much lower proportion of the total. Thin sheet metal (used for cars, household goods, etc.) is an example. In 1939 it accounted for 8 per cent of rolled steel in the U.S.S.R., as compared with 39 per cent in the U.S.A.; and even of this amount probably only a small part was allocated to the consumer industries.

While Russia's living standards remain low and only the smallest quantities of steel are used to satisfy consumer needs, her ever-growing output of steel will go primarily into the building up of her industrial potential. It can be said that in terms of industrial and military power the 31 million tons of Soviet steel carry more weight than an equal amount produced in the Western countries.

S. L.

[1] In Great Britain blast-furnace output per process worker was 840 tons in 1948 and 890 tons in 1950; output per operative (i.e. including general and maintenance workers) was about 500 tons in 1948. (Basis: Ministry of Labour employment figures and British Iron and Steel Federation output figures) Output of steel ingots per process worker in 'steel melting furnaces and ancillary processes' was about 750 tons in 1950. It would thus appear that the U.S.S.R. was ahead of Britain in blast-furnace productivity and behind her in steel furnace productivity. But all such conclusions must be treated with the utmost caution, not only because of the uncertainty about the present Russian figure but also because of the difficulty of bringing the figures on both sides to a common denominator. To be strictly comparable the figures would have to be based on the same categories of workers and the same grades of products (for instance, the British pig-iron output includes a fairly high proportion of foundry quality which has higher labour requirements) and allowance would [illegible] be made for several other factors.

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Notes of the Month

The Future of the Anglo-Egyptian Sudan

AFTER the second change of government in Egypt this year, the British Ambassador resumed an exchange of views with the new Prime Minister, Hilali Pasha, on 22 March, while the United States Ambassador sought continually to reconcile the British and Egyptian theses. Some progress on the future of the Canal Zone base was reported. Meanwhile, however, the preparation of a draft Constitution for the Sudan had been going on virtually independently in Khartum, and the Sudan Government's presentation of their draft to the Legislature on 2 April caused a marked stiffening in the attitude of the Egyptian Government. They insisted that Egyptian sovereignty over the Sudan already existed *de jure*, as a consequence of the Wafd Government's decrees of 8 October 1951, while the British Government would go no further than to offer, in a formula presented in Cairo on 3 May after consultation in London with the British Ambassador to Egypt and the Governor-General of the Sudan, their readiness to accept whatever status for the Sudan proved to be the free choice of the Sudanese people.

The Egyptian Government accordingly invited the leader of the Sudanese 'Independence Front', Saiyid Abd ur-Rahman al-Mahdi, who had previously incurred much Egyptian obloquy for his opposition to Egyptian sovereignty (as son of the Mahdi who had raised the famous revolt seven years ago), to send a delegation to Cairo for conversations. The primary Egyptian objective remained a complete British withdrawal, from the Sudan as from the Canal Zone; and if the Independence Front could be won over, the strongest argument for the retention of British officials in the Sudan would be removed. The Egyptian Government therefore made the Sudanese delegation, which comprised some notable personalities, the offer that the Sudanese should, when the British had left, freely decide their future status; they observed, however, that strength lay in union with Egypt; and they offered inter-

national supervision of the existing, or any future, agreement over the sharing of the Nile Waters, that vital interest of both Egypt and the Sudan. The leader of the delegation, Mahdi Pasha's nephew, was reported to have said—in an evident bid to obtain maximum Sudanese control over foreign policy, finance, defence, and the public services—that they would consider any Egyptian proposals that advanced beyond those contained in the Sudan Government's draft Constitution of 2 April; and they apparently wished the crucial question of sovereignty to be deferred until advantage had been taken of the British pledge of elections for a new Legislative Assembly from which the first all-Sudanese Government would be formed. The fortnight's conversations ended on 10 June, during which time Iraq and Sa'udi Arabia, followed later by Pakistan, recognized King Faruq as King of the Sudan.

There were rumours that Mahdi Pasha might be offered the position of Governor-General or Viceroy under a 'nominal' Egyptian sovereignty; but the question remains whether the subtle concept of nominal sovereignty is acceptable to those Sudanese who have hitherto opposed the Egyptian claims, and for whom sovereignty and effective authority are identical terms. If Mahdi Pasha and his political advisers could arrive at an understanding with the Egyptians, could they carry with them their tribal followers of the western provinces? What would be the reaction of the rival Khatmiya sect, whose tradition is to be in opposition to Mahdi Pasha? And where would the growing influence of the new Socialist Republican party be placed? A protracted pause for Sudanese reflexion on the Egyptian proposals was expected. Unless elections were held in the Sudan between the end of the Ramadan fast on 25 June and the outbreak of the summer rains in mid-July, they must wait until after the end of October when the rains ceased. But Hilali Pasha, governing Egypt without a parliament, would probably wish to have some tangible result before then with which to satisfy public opinion. The impatient Cairo press continues to find a scapegoat in British procrastination, and fastens readily on remarks by American politicians who see in British policy the only obstacle to Egypt's participation in the Mediterranean-Middle East defence system.

The Italian Administrative Elections and After

ITALY is faced with a General Election next year, for it will then be five years since Signor De Gasperi's predominantly Christian

Democrat coalition came into power with an overwhelming majority. The results of the administrative elections held in Rome and Southern Italy at the end of May, which showed a considerable loss of votes for the Christian Democrats, a fairly stationary position for the Communists, and a spectacular rise of the Monarchist and neo-Fascist Right-wing forces, are not calculated to encourage any false hopes in Government quarters. It was, of course, realized that the Christian Democrats could not expect to repeat their tremendous success of 1948, when with the warning of Czechoslovakia's fate fresh in men's minds thousands of floating votes were given to them as representing the party likely to provide the strongest bulwark against Communism. It must also be remembered that in the local elections last May only a third of the country voted, and the least politically conscious third at that; in the similar elections held in the North last year the Christian Democrats did not lose much ground and there was no marked increase of strength on the Right.

But this Southern vote may perhaps be an expression in concentrated, indeed exaggerated, form of the vague discontents which have existed up and down the country in the post-war years. The new Republic has had a difficult road to pioneer, in a country unaccustomed for twenty years to democratic methods, with a population widely differing both in present social and educational levels and—given the relatively recent unification—in past historical experience, and with all the problems of post-war reconstruction on its hands. Such successes as its Governments have obtained, in restoring Italy to a respected place in the international sphere, and in maintaining financial stability and a very considerable degree of industrial progress at home while at the same time embarking on some far-reaching reforms, are apt to be overlooked; whereas any apparent shortcomings or disputed points of policy are harped upon—in the international sphere, the alleged subservience to the West, the loss of the colonies, the still unsettled fate of Trieste; and at home, the failure to reduce perceptibly the number of unemployed, the high cost of living, the doubtful benefits of the land reform, and so on.

In the South, which, it must be remembered, had a different experience from the North both under Fascism and during the war and the Resistance period, these discontents appear to have crystallized into a nostalgia for hypothetical past glories. During the Fascist era Southern unemployment was concealed to some extent

through recruitment for the military and colonial ventures and the jobs available to Southerners in Mussolini's vast army of civil servants, while the effects of the cessation of emigration to the Americas were then only beginning to make themselves felt in a falling-off of emigrants' remittances home. At the same time to present generations of Southerners, no longer of an age to remember all they suffered under the Bourbons, the legendary panoply and prestige of monarchy offer a fillip, a contrast to their own drab lives, in a way that an abstract conception such as the Republic cannot compete with. The electoral propaganda of the Right, backed by the immense resources of the Neapolitan shipping magnate Achille Lauro and irresponsibly presented in terms of the 'patria', of national heroism as personified, for instance, by the Duke of Aosta, and of the need to revive Italy's past glories, could thus exercise a much more immediate appeal in the piazzas than that of Christian Democrat speakers laboriously enumerating statistics about the very real and practical benefits which the Government is bringing to the South in the way of much-needed improvements in communications, water supplies, and soil-erosion measures.

It remains to be seen how far the Centre—for Signor De Gasperi's administration must now be seen as a Centre force assailed from both Left and Right—will be able to counteract these tendencies during the intervening year before the General Election. Against it is the time factor, for the positive benefits that it is bringing to the country—apart from the over-riding arguments, both international and domestic, in favour of a democratic Italy preserved from either totalitarian extremity—lie to a great extent in such reforms as those of taxation and Southern development, whose results will only mature gradually. In the Government's favour is the impression made on thoughtful and moderate public opinion, not only by the results of the May elections but also by indications of manoeuvring in the background which preceded them. That manoeuvring, in which the name of Professor Gedda, now President of Catholic Action in Italy, figured prominently, appeared to be directed towards a link-up between Right-wing Catholic opinion and the Monarchists (who in the minds of many represent not so much a positive desire for a restoration of the monarchy as an outlet for Conservative opinion) and their neo-Fascist electoral allies. Whether or not this move was being made with Vatican recognition remains obscure, but the abrupt halt to

it which was called just before the elections took place suggests that its unwisdom was realized in time in fairly high quarters. The problem for the Christian Democrats will now be whether to seek support from the Monarchists, assuming they can detach them from their already uneasy alliance with the neo-Fascist M.S.I.—a move which would probably alienate the smaller democratic parties; or to intensify Signor De Gasperi's present policy of consolidating the support of those parties, especially the Liberals. A third possibility, that Signor Nenni's Left-wing Socialists might renounce the Communist alliance and give their support to a Centre-Left Government, seems, despite some overtures from Signor Nenni himself, less likely to materialize. Perhaps the surest hope of all for the Christian Democrats, and thus for the continuance of a Centre Government in Italy, would be in a strengthening of the moderate elements in Signor De Gasperi's own party.

United States Tariff Developments

THE Democratic Party is traditionally a low tariff party, but it is frequently found that Congress (even with a Democratic majority) is not inclined to go so far in this policy as a Democratic Administration. In President Roosevelt's first term of office the then Secretary of State, Mr Cordell Hull, succeeded in securing the passage through Congress of the Reciprocal Trade Agreements Act, 1934, which empowered the President to conclude agreements with foreign countries reducing the import duties on specified commodities by not more than half, in return for reciprocal concessions. Previously it had been the practice for Congress itself to enact the tariff, and the Act giving the President power to alter duties was an important innovation.

The Act was originally for a limited term of years but has been continued ever since by successive renewals, and has formed the basis of the agreements which have been concluded by the United States with other countries at the Geneva meeting of 1947, and at subsequent meetings, pursuant to the multilateral General Agreement on Tariffs and Trade. Since the American project for an International Trade Organization fell through, the Act and the agreements made under it have been the principal manifestation of the American policy of liberalizing trade.

When the Act came up for renewal in the spring of 1951, the Republicans in Congress received sufficient support from protectionist Democrats to insert two amendments which bring the

Tariff Commission into the negotiations. One, commonly called the 'peril point' clause, empowers the Commission to fix a limit below which a duty cannot be reduced without serious injury to a United States industry. The other is an 'escape clause', enabling any American producer claiming to be injured by the competition of imports due to the reduction of a duty to apply to the Tariff Commission for a higher duty. It is the escape clause that has recently led to several applications. In point of fact, the General Agreement on Tariffs and Trade itself contains an escape clause of general application (Article XIX) and it has been usual to include such a clause in the particular agreements concluded by the United States under the Act. Consequently the escape clause amendment had very little tangible effect. But it did seem to offer an invitation to producers anxious not to lose protection to put in claims. And in the present year claims have begun to appear. A British note of 9 April 1952 called attention to the disturbing increase in the number of applications for relief under the escape clause, and instanced as of concern to British export trade motor bicycles, bicycles, certain chinaware, tobacco pipes, and wood screws. Though it was premature to assume that the applications would be granted, a recent decision on fur felt hats and hatters' fur showed that there were grounds for anxiety.

British manufacturers who were assisting in the struggle to close the 'dollar gap' by increasing their exports to the United States 'are perturbed', the note said, 'by the mounting evidence that any marked success in selling their goods will be countered by applications from United States industry for further protection'.

It is sometimes argued that American industry is so efficient that it ought to be able to dispense with protection. But its natural resources, combined with the efficiency of mass production, require American wages to be very high in order to equalize competitive conditions with less fortunate European producers. And the result is that in industries where mass production is not applicable American costs tend to be very much higher than European. Without substantial tariff protection American industries producing individuality products might expire altogether. By preserving them the tariff secures a certain diversification of industry, which is socially desirable, even if it does not conduce to a maximum total production in America and Europe. The devaluation of the pound has no doubt aggravated the competitive disadvantage of this class of American producer.

The British protest had to be made before the Tariff Commission gave its decisions, or it would have been too late. The first application to be decided, that for higher duties on motor cycles, was refused on 17 June. Perhaps it is significant that the motor cycle is not one of those individuality products in the manufacture of which superior machinery and organization give no advantage.

Japan's Re-entry into the International Field

THE arrival in London on 8 June of the first post-war Japanese Ambassador to the Court of St James marks one more stage in Japan's re-entry into the international field. Japan regained her sovereignty on 28 April, and immediately resumed diplomatic relations with nineteen countries and subsequently with many others. Though the Foreign Minister, Mr Okazaki, stated that Japan was entering into normal diplomatic relations with all the countries of the world except the eight countries in the Communist bloc (which do not of course recognize the validity of the Peace Treaty signed last September), there have proved to be difficulties in some cases, notably with Indonesia and the Philippines, neither of whom has ratified the Treaty. A separate peace treaty was signed with India on 9 June (the delay was attributed to the Indian elections) which dealt mainly with economic matters.

Japan's new foreign policy is constantly referred to in Japan as 'economic diplomacy'. Her first aim is economic recovery and the re-establishment of her trade. For this reason, many of those originally invited to serve as Ambassadors came from economic circles, but in the event one of the few appointed was the Ambassador to the U.S., Mr Eikichi Araki, a former Governor of the Bank of Japan. It was said that the reason for the many refusals to serve was the inadequacy of the pay offered.

One important instrument of the new 'economic diplomacy' was the mission led by Mr Taketora Ogata which visited Formosa, Hong Kong, Burma, Thailand, India, Pakistan, and Indonesia in May and early June. The announced aim of this mission was to promote friendship and to investigate trade possibilities, but it was also suggested that it was interested in sounding opinion on a proposal that Japan should call a conference of South-East Asian countries to draw up a plan for Japanese contributions towards economic development in the area. The Japanese Government was said in this connection to be considering establishing a corporation for the development of natural resources in South-East Asia on

the lines of the pre-war Manchurian Heavy Industries C
tion, which would conduct overall planning, surveys, a
investment of capital; but it was feared that South-East
countries might not co-operate. Japanese participation
Colombo Plan is also under consideration. Other more
possibilities mooted have included a joint French-Japane
enterprise in Viet Nam and a joint Indian-Japanese iron
Orissa. It has also been suggested by the Japanese th
Philippines might make use of Japanese technical experie
their economic construction.

Among the problems facing Japan are her relations with
and with China, both Nationalist and Communist. On 2
after prolonged negotiations a peace treaty was signed b
Nationalist China and Japan. This was denounced by Chou
the Chinese Communist Foreign Minister, as 'illegal' and de
as 'an open insult and act of hostility to the Chinese peo
spite of this the possibility of Japanese trade with the Chinese
land has continued to be discussed: official comment has be
the treaty with the Nationalists does not prevent trade w
Communists within the limits prescribed by the U.S. Batt
On 1 June three Japanese delegates to the Moscow Ec
Conference signed in Peking on behalf of 'Japanese trading
a barter agreement for the exchange of goods up to £30 r
Apart from the unofficial character of this agreement, a
difficulty is that the export of many of the goods which it
posed to send to China from Japan, such as machinery, che
and iron and steel manufactures, are banned as strategic
Mr Okazaki stated on 21 May, before the conclusion of this
ment, that the Government was not considering a modifica
the embargo on the export of strategic goods to Communist
as Japan wished to refrain from disturbing the joint efforts
free nations against Communism. There is no reason to s
that this official attitude will be quickly changed, but it n
recognized that China is a natural trading partner for Jap
that Japanese merchants will continue to cast longing e
Chinese markets and raw materials.

Mr Okazaki also laid down prerequisites for the restora
diplomatic relations with Communist China and with the U.
These were the return of Japanese internees, the cessation
seizure of Japanese fishing boats and their crews, the abando
of Peking's active propaganda campaign, and the abolition

Sino-Soviet alliance. This last condition alone would appear to preclude any resumption of relations. On 30 May the Japanese Government informed the Soviet member of the Allied Council for Japan that with the coming into effect of the peace treaty his office 'ceased to exist'. The Soviet reply to this note on 11 June declared that there was no legal basis for the Japanese statement, and there the matter at present rests.

In addition to the re-establishment of diplomatic relations Japan is increasingly taking part in the work of international organizations, such as the International Cotton Council, the World Health Organization, and the I.L.O. On 7 June the Japanese Government received formal notification from the authorities of the International Monetary Fund that she was now permitted to participate in the I.M.F. and the World Bank, and it is expected that the necessary procedure will have been completed by mid-August. A motion proposing that Japan apply for membership of the United Nations has been approved by the Diet, and a formal application was sent to the Secretary-General on 17 June.

The United States Presidential Electio

Procedure and Prospects

THE procedure for electing a President of the United States (America is so complicated that one sometimes wonders how suc an intricate system could have been evolved in a mere century c so. There are actually two distinct stages in this year-long proces which takes place every four years. The first stage, which cul minates in the summer of election year, involves the final choice c the men who will run as the opposing presidential candidates; th second stage, which takes place at the end of the year, is th 'Presidential Election', the choice by the people of which of the me they prefer to see in the White House.

The American Constitution lays down the procedure for electin a President, but makes no mention of how the candidates shoul be chosen. Gradually the two major American political parties, th Republicans and the Democrats, have evolved a routine for select ing candidates, a routine now hallowed by tradition, and just a much a part of the ritual of electing a President as the actual con stitutional procedure. The first half of election year is taken u with intra-party rather than inter-party strife. By tradition, each c the major political parties holds a National Convention in June c July of election year to decide for itself which of the contender among its ranks shall receive the nomination to stand as the party' presidential and vice-presidential candidates. This year, th Republican Party is holding its National Convention in Chicag on 7 July, and the Democratic Party follows in the same city o 21 July. The second half of the year is taken up with frequentl bitter campaigning of party against party which will reach it climax on the first Tuesday after the first Monday in November c election year, which in 1952 is 4 November—'Presidential Electio Day'.

THE PRIMARIES AND CONVENTIONS

The first stage, then, is the selection of the two opposing candi dates: two, because, though from time to time ephemeral minorit parties do arise and exert their influence on a particular electio the American scene is nevertheless in general dominated by th two historic political parties, the Democrats and the Republican and this year, at the moment at least, the struggle is a straight issu

between these two. Indeed, one might be justified in saying that at the moment public interest centres not so much on the future struggle between the two parties as on the present struggle between the two main contenders within the Republican Party, General Eisenhower and Senator Taft.

The first stage, that of selecting the presidential candidates, is just about to reach its culmination. On 7 July the Republican National Convention will open in Chicago, the Democratic National Convention following a fortnight later; and in the hands of the delegates here assembled will lie the momentous choice of who shall be each party's standard bearer. Of American Republicans, some would prefer to have the chance of voting for Senator Taft as President; more—if public opinion polls are to be believed—would prefer the chance of voting for General Eisenhower, but the decision for whom they will be able to cast their vote does not lie in their hands. If they prefer to vote Republican rather than Democratic they will only have the opportunity of marking an X against the name of the man already selected for them by the Republican National Convention delegates now en route for Chicago.

It is the National Convention delegates who have the power to make this momentous decision, and consequently who these delegates are—whether they openly lean towards one contender or the other—is a matter of very great importance. The first part of this first stage of the year-long presidential election procedure is the bitter struggle which has been going on for some three months in one state after the other for the selection of National Convention state delegations.

Up to the early part of this century the party machine, or 'political bosses', held in their hands the power to choose the delegates, and hence the power to foist on the people whatever presidential candidate they wanted, though professional politicians are much too astute not to keep an ear close to the ground and to assess 'grass root' opinion. Nevertheless, popular discontent forced a new system into being—presidential primary elections, where, instead of 'political bosses' choosing the state delegations, Republicans and Democrats could go to the polls and elect the delegates of their own choice, and even mark down the name of the man they wanted chosen as presidential candidate. The first primary was held in Wisconsin in 1908, since which time a varying number of states has used this system at each election. Primary laws vary from state

to state, but the principle on which they are all based is the a that the sovereign will of the people could thereby circumve 'political bosses', a hope not always fulfilled.

These 'presidential primary elections' are today held in s states; the remaining states still select their delegates at own political party conventions or by allowing the choice of gates to lie in the hands of the party's state organizing comn A state convention is rather like a party caucus in an Englisl stituency, where active party workers select the delegates. Alt a minority of states hold presidential primaries, the list co most of the large and populous ones, and roughly about h delegates to both Democratic and Republican National Co tions reach Chicago via state primaries and half via state co tions.

The political parties themselves decide how many del shall attend from each state. Roughly, both Democrat Republicans allow each state a number of voting delegates eq twice the state's representation in Congress, plus a bonus shape of extra delegates to those states which 'went Democra 'went Republican' in the preceding presidential election. As state's representation in Congress depends upon its popul delegations from larger states, and hence their voting pow choosing the party's presidential candidate, considerably shadow the voting power of relatively smaller states.

An intense struggle goes on among the different factions o party—for instance, the Eisenhower, the Taft, the Warren, Stassen factions within the Republican party—to ensure th delegates sent to the National Convention are adherents of faction and will vote for their man. Much has recently been about the number of delegates that Senator Taft or G Eisenhower can respectively hope to claim. But though it i that some delegates go to the Convention specifically commit support a certain candidate as long as he has a chance of wi and some go specifically uncommitted, most of them go with an announced allegiance. Delegates, for the most part, act mouthpiece of party organizers, the professional politicians ronage, that is to say, the right to receive, or to offer to o benefits or offices, might be described as the life blood of the fessional politician; and to him the possibility of patronage depend on keeping an ear to the ground and judging accuratel moment to climb on the winning bandwagon, a feat more

performed if his delegates merely owe allegiance and are not definitely committed. The essence of Convention tactics could hardly be stated more succinctly than in the words of Governor J. Bracken Lee of Utah, who in April told Republican delegates at their Idaho Republican State Convention: 'Don't get so wrapped up in your own candidate that if you see he is losing you can't get on the bandwagon of the winner.'

From March to June, in state primaries where Democrats or Republicans choose their state delegates, or in state conventions where active party workers elect the delegates, the struggle goes on between the different factions of each party for delegates favourable to each faction's contender for the nomination. But this preliminary canter of lining up delegates is by no means conclusive evidence of the eventual winner. Lined-up delegates have a habit of slipping away from their professed allegiance if they see another bandwagon moving faster to the winning post, and scrambling to get on it in time.

This preliminary skirmish of electing National Convention delegates is now over; and July brings the real struggle—the voting in each of the two parties' National Conventions. The delegations gather in the Convention hall, grouped state by state, the largest states with a delegation numbering just under a hundred, going down the scale to the smallest states with but a handful of delegates. After preliminary business, and the often hard-fought matter of settling the party's 'platform', the Convention settles down to selecting a presidential candidate. An alphabetical roll call of states takes place, and as each state's name is called a delegate rises and announces the name of the candidate it wishes to put forward. Alabama, for instance, the first state called upon, would announce the candidate of its choice, but should that man be a resident of another state, Alabama would 'yield' its place to the candidate's state, who would then nominate the desired man. The roll call then returns alphabetically to the next state, Arizona, which either 'yields', or seconds the nomination, or places a new name before the Convention; and this procedure goes on until the forty-eight states have been called.

When the roll call of nomination is complete, there comes the alphabetical roll call of voting, a delegate from each state again rising and announcing the state's vote. Should there be a division of opinion among the delegates of a particular state, a minority spokesman is free to rise and cast a minority vote. On the first

ballot, votes are frequently cast for 'favourite sons' in what amounts to an honorary vote, for after this gesture they are usually switched to one or other of the main contenders. A 'favourite son' is a man held in high esteem in his own state, but not regarded as a national figure. In a sense Governor Warren of California and Mr Stassen of Minnesota are 'favourite sons' of their respective states, but they are more too, since both are national figures who have campaigned beyond the borders of their own state. After the first round of balloting, the Convention settles down to behind-the-scenes activity and the real business of picking a majority candidate, achieved by judicious vote-switching. When finally one candidate has secured the support of the majority of delegates, a formal vote is taken which unanimously elects him as the presidential candidate for the party. Should there be a deadlock between the two main factions—which a few commentators are predicting may happen this year in the Republican Convention—a 'Dark Horse', or compromise candidate acceptable to both factions, will have to be the final choice.

The National Convention then elects the vice-presidential candidate, but this election is usually less hotly contested. He is normally selected from another geographical area; that is, should the presidential nominee be from the east, the vice-presidential candidate will probably be chosen from the west. Very possibly he will be selected to placate a minority faction, and is usually a man approved by the already nominated presidential candidate.

Since the 1948 election, when Mr Truman rode to victory despite predictions of defeat by every commentator and every public opinion poll in the country, forecasting the results of a U.S. election has become an unpopular pastime, and it is hardly necessary to stress that predictions have an uncomfortable habit of not always conforming to the eventual reality. However, for what it is worth, an assessment of informed published American opinion seems to run on these lines. In the Republican party, it is presumed that the two main contenders, General Eisenhower and Senator Taft, will arrive at the Convention without either having pledged to him the 604 delegates necessary for outright election. Both Republicans and Democrats have adopted the majority rule (over half the total number of delegate votes is necessary for nomination under the majority rule), and as the Republicans will have present 1,206 voting delegates and the Democrats 1,230, a minimum of 604 votes is needed for the Republican nomination and 616 for the

Democratic. After the preliminary rounds of balloting, votes for 'favourite sons' may be released and switched to one of the main contenders. General Eisenhower will apparently then have a reserve fund of votes on which to call. Both Governor Warren and Mr Stassen have declared that once it is clear that their own chances are nil they will swing their votes to General Eisenhower. It would almost seem, from recent press reports, that Senator Taft is relying for his additional votes on the hope of a Taft-dominated Credentials Committee disallowing the credentials of the 'Eisenhower' delegations and accepting those of the 'Taft' delegations from the Southern 'disputed' states. In these states, which together carry a total of over a hundred delegates, the rivalry between the Taft and Eisenhower factions was so bitter that finally each faction held its own convention and rival slates of delegates are being sent to the National Convention.

Predictions regarding the outcome of the Democratic Convention have been summed up by Walter Lippman. He forecast in March that if the Democrats found themselves fighting against Senator Taft, any Democrat, providing he could unite the Democratic party, should have an excellent chance of winning the presidential election. This prediction would seem to be based on the fact that both the voting in primary elections and the results of public opinion polls show that the country as a whole is content with the present 'international' foreign policy, and despite the bait of reduced taxation the majority apparently do not wish to retire into isolationism; and as all Democratic contenders for the nomination are 'internationalists', any one of them, providing he could unite the northern and southern factions of the Democratic party, might be able to carry the popular vote against the near-isolationist Senator Taft. The most likely candidate to do this would seem to be Adlai Stevenson, Governor of Illinois, who at the moment declares that he is not a candidate for the Democratic nomination; but it is widely assumed he would consent to be 'drafted' if such proved to be the wish of the Democratic Convention, which takes place a fortnight after the Republican Convention.

THE PRESIDENTIAL ELECTION

July, then, sees the end of the first stage of this year-long procedure. The two standard bearers, the Republican and the Democratic presidential candidates, will have been finally and irrevocably chosen by their respective parties, and the second stage can

be entered upon. This second stage, which culminates at the end of the year, is a two-tiered affair, involving two separate and distinct elections, one following the other. The first election, which takes place on the first Tuesday after the first Monday in November—this year, on 4 November—is 'Presidential Election Day', but the President is not actually elected on that day. 'Presidential Election Day' merely points with certainty, by customary usage having the force of law, to the man who is going to be elected President.

To explain this rather complicated two-tiered election, it may be as well to glance back to 1789 when the American Constitution came into being. The procedure for electing a President (as opposed to the selection of candidates) is laid down in the Constitution. The President, by edict of the Founding Fathers, was to be elected on the basis of state votes, those votes to be cast by electors chosen from each state as the state saw fit. It was presumed that these electors would be the wisest and most experienced men of their respective states who, by the light of their wisdom, would ballot for a suitable President.

In the first three American presidential elections the spirit as well as the letter of the Constitution was quite adequate to the situation, George Washington being twice elected unanimously, with John Adams following for one term as the second President. But with the turn of the century, political parties made their first appearance. A controversy had arisen over the financial policies of Secretary of the Treasury Alexander Hamilton, and those who favoured Hamilton's plans became the Administration's party, under the name of Federalists. Those who opposed them, led by Thomas Jefferson (who became the third President of the United States), took the name of Republicans, which was later changed to Democratic-Republicans, and finally to Democrats, under which name the party is still known today. The present Republican party was formed in 1856, with Abraham Lincoln as its first elected President. These two main political parties increased in stature decade by decade, and gradually a new strand became woven into the fabric of the presidential election. Each political party chose its presidential candidate, and in each state the political parties put up opposing slates of electors pledged, if successful, to vote for their party's presidential candidate in the Electoral College vote for President. The Constitution determines the number of electors to which each state is entitled, and the percentage of electoral votes

cedure gradually adopted by political parties for choosing candidates and organizing slates of state electors, is governed by custom; and thus has been brought about the present juxtaposition of custom and law which governs the American presidential election procedure.

The Constitution allows each state a number of electors equal to the state's representation in Congress, that is to say, its two Senators plus its representation in the House of Representatives. As the latter depends on the population of the state, each state's voting power in electing a President depends upon how large and populous it is. Since 1910 the House of Representatives has consisted of 435 Members which, together with the 96 Senators, makes a total of 531 electors forming the Electoral College.

By constitutional law, a majority of electoral votes, that is, more than half the total number of votes, must be accorded to one candidate before he receives the presidency. In other words, since the re-apportionment of electoral representation in 1910, at least 266 of the 531 votes is necessary. Should a third (or breakaway) party arise, of sufficient national strength to bring about a situation where the three contenders for the presidency split the vote among themselves and no one of them receives a majority in the Electoral College balloting, the choice of President from among the three rests with the House of Representatives while the choice of Vice-President rests with the Senate.

This majority vote rule raised an interesting point in the 1948 election, and a few months ago it seemed that an even more interesting situation might arise this year. In the 1948 election a breakaway group of Southern Democrats known as 'Dixiecrats' came into being. The cause of the split was their objection to the re-nomination of President Truman, his 'civil rights' programme having incited them to the point of rebellion. They set up their own presidential candidate, Governor Thurmond of South Carolina, who obtained the 38 electoral votes of Alabama, Louisiana, Mississippi, and South Carolina. However, the loss of 38 electoral votes, grievous though it was, did not bring the total ballots for Mr Truman below the 266 necessary for election, and despite a three-cornered contest he won the presidency. This year an even greater breakaway of Southern Democrats was threatened if President Truman had decided to run again on the Democratic ticket, with Senator Russell of Georgia as the potential 'breakaway' presidential candidate. Had this come about, and were

Senator Taft to receive the Republican nomination; con no one of the three would be able to command a majority toral votes, and the final selection would then be in th of the House of Representatives, with the choice c President being decided by the Senate. President T decision not to seek re-election was presumably based extent on this very real threat of a major division wi Democratic forces.

The Constitution, though specific regarding the nu electors and therefore of electoral votes each state could co gave no directive as to how each state should choose its Gradually the rise of political parties supplied a patte hallowed by custom, on the twin points of how a state choose its electors, and how those electors, once chosen, vote. The major parties put forward in each state opposing electors, pledged to vote for their party's candidate in tl toral College vote, should the slate be successful in the state vote. Each state's electoral votes are cast as a bloc (ur voting for candidates at the National Conventions, whe delegates may cast minority votes), and it is an established that this bloc of state electoral votes should go to the party a plurality of the state's popular votes; that is, to th winning the highest number of popular votes regardless of they number half the total votes cast or not. To give an e in the 1948 presidential election, in New York State, Mr (Democrat) received 2,780,204 popular votes; Mr Dewey (lican) 2,841,163; Mr Wallace (Progressive)509,559; 143,601. The Republicans, having the greatest number c were able to claim all New York State's electoral votes, whi accordingly cast for the Republican candidate, Mr Dewey Electoral College vote.

On 4 November this year, across the length and bre America, the citizen in each state will go to the poll, pla part in one out of forty-eight simultaneous elections. He faced with two lists of electors, Democratic and Republ possibly more should other candidates choose to stand prefers a Republican President, he will vote for the Rep slate of electors; if he prefers the Democratic candidate, make his mark against the Democratic slate of electors, or wish to give his support to some minority group. The m

the citizen makes known the man he wishes to see as President. In this nation-wide election, each party's presidential and vice-presidential candidate is bracketed on one 'ticket', and a vote for the President automatically registers a vote for his vice-presidential partner.

On Presidential Election Day, then, the popular will is expressed, state by state, favouring either the Democratic or the Republican candidate, or a third group should one exist. The state electors having thus received their instructions on how to vote—instructions which carry the sanction of custom, not of law—the Electoral College proceeds to cast the ballots which actually elect the President. It should be noted that while the electorate casts one vote to cover both presidential and vice-presidential candidates, in the voting in the Electoral College two separate ballots must be marked by the electors, one for the President and one for the Vice-President. These dual votes are formally recorded on the first Monday after the second Wednesday in December (this year, on 15 December) in each state Capitol by the state electors who, as already stressed, are no longer free agents in the matter of voting as they were in the days of George Washington. Now, by custom, though not by constitutional law, they act as recording machines for the will of the people as expressed on 4 November. These electoral ballots are then transmitted to Washington and formally counted by Congress when it assembles early in January, and the new President—whose name has, in fact, been known for two months—is duly proclaimed elected.

G. L.

Rumania in 1952

A Political Analysis of the Economic Crisis

THE purge and reshuffle within the Communist Party and Government in Rumania which took place on 27 May and 2 June of this year can yield some useful information when seen against the background of the events which have led up to them.

Moscow's general policy towards the Eastern European countries is made up of phases, which in turn are related to her world

strategy or to the 'dialectic' transformation to which she wis subject these countries. The exigencies of world strateg precedence over local communization. Again, the different are not applied uniformly, or even simultaneously, in all si jugated countries: the time lag can be reckoned in years, frequently happens that changing local conditions depriv reforms of their initial meaning. Within Rumania, the re opposition of the Rumanian people as a whole must first be into account, together with the different aspects and proble the various social classes. Because of the congenital weakness Rumanian Communist Party and Government, the regime lends itself more easily than do those of the other Eastern Eur countries to comparison with a government of occupation the partial responsibilities which this entails and with the in factions inherent in such parties.

The three aspects of the latest political changes in Rum the consecration of Gheorghiu-Dej, the fall of Vasile Luc the 'quarantine' of Ana Pauker—may best be dealt with sepa and in relation to the major problems involved rather than ephemeral and microscopic persons, ambitions, and strugg the protagonists.

GHEORGHIU-DEJ AND THE 'MOBILIZATION OF THE MAS

On 2 June G. Gheorghiu-Dej, the former Vice-Presiden elected President of the Council of Ministers (i.e. Premier) b National Assembly of the Rumanian Popular Republic. Groza, the former Premier, was elected President of the Presid Gheorghiu-Dej is thus the first Communist to become Pre of the Council of Ministers in Rumania. Since he also hol post of First General Secretary of the Communist Party, he controlling influence over the whole Rumanian Comn regime. His position in the Eastern European hierarchy is s to that of Rakosi in Hungary and Chervenkov in Bulgaria; wald and Bierut, on the other hand, as Presidents of the Pres in Czechoslovakia and Poland respectively, hold not onl operative political post but also the supreme post of the Stat

[1] He is gravely ill, but in any case this would have been the end of his pr ship. He has taken the place of another puppet, Prof. Parhon, the forme dent of the Presidium, who somewhat suddenly remembered that he wa 'dedicate the rest of his life to scientific research'. Two other figurehea Social-Democrat fellow-travellers Lotar Radaceanu and Voitec, also disap in the vortex.

nerely of the Government, in their countries. Such constitutional
ionours seem still to be denied to the Communist leaders of the
hree countries which fought against Soviet Russia in the war.
Gheorghiu-Dej's final rise to power is accentuated by the fall from
race of two other former Vice-Premiers and Secretaries of the
Communist Party, Vasile Luca and Ana Pauker, with whom since
944 he had formed the *troika*, or chief internal cell, in which in
944 Ana Pauker was the responsible member.

Gheorghiu-Dej's rise to power has not been sudden. This former
ailway worker, whose membership of the Communist Party dates
ack to the 'twenties and who has served long terms of imprison-
ient, assumed an important position in the Secretariat of the
'arty and in the *troika* from its reorganization in the autumn of
944. It was in his favour that he was a genuine worker, in a party
i which workers were scarce, a Rumanian, in a party made up
lmost entirely of representatives of the minorities, and a Com-
iunist who had suffered for his beliefs, in a party whose leaders
ad been harboured in Moscow; against him was the fact that he
ad not been trained in Soviet Russia. However, in December
947 it was he who on behalf of the Communist Party went with
'etre Groza to the Palace in order to force King Michael to leave
ie country, under the threat of civil war and bloodshed;[1] on
2 February 1948, although he held an economic post in the
iovernment, he was entrusted with the main political report to
ie Congress of the Party; and on 29 November 1949 he appeared
: the Budapest Cominform session as the rapporteur of the
ecisions to be taken by the Cominform against Tito. These three
ates represent three negative tests of loyalty. The personal part
e played against the King was the most unpopular move he
ould have made with the Rumanian people; at the 1948 Congress
is presence covered the absence of the other Rumanian Com-
iunist, Lucretziu Patrascanu, who was already on the way to
imination; while at the Cominform Conference the part he
layed in the anti-Tito campaign was a guarantee against any
ontacts with the Yugoslavs.

Although his official promotion did not become public until
ine 1952, his promotion within the Party was apparent by the
id of 1950. The exact date of the change should be noted because

[1] There is a good first-hand account of his behaviour on that occasion, and a
ychological description of the man himself, in Air Vice-Marshal A. S. G.
e's book, *Crown against Sickle: The Story of King Michael of Roumania* (Lon-
n, Hutchinson, 1950).

it helps towards discovering the reason for it.[1] It is a step in the general trend of Russia's policy which has brought Gheorghiu-Dej to his present position. The Byzantine struggles of the Rumanian Communist leaders, and even the difficulties of the administration, were in this case only parallel developments, or at the most by-products, of a major line long ago decided upon in Moscow.

By the end of 1949 Moscow had decided to impose a new programme of rearmament upon the satellite States. They were to be forced to take a greater share in the renewed effort of Soviet Russia, whose main aim was to maintain the margin of superiority in fighting potential which she had achieved since 1945 and which would be endangered were the West to implement its own new armament programme. The satellite armament and heavy industries were to be increased, standardized, and kept up to the mark. Rumania's army, restricted by the Peace Treaty to 200,000 men, exceeded its limits by the addition of a further 100,000 men. The speed of this reform was astounding,[2] and it also brought with it immediate economic changes. The industries of the satellite countries, as well as fulfilling their own military programmes, had to be integrated within the Eastern bloc's programme of armament production.[3] Such an effort could not be produced without straining to the utmost the already meagre and exhausted resources of the countries and imposing new sacrifices upon the population. The United Nations' *Economic Survey of Europe in* 1951 reported a further lowering in the average standard of living of the industrial workers of those countries, 'accentuated by the diversion of a greater share of the industrial effort towards the defence programme'. Inflation and a shortage of consumer goods followed, while a higher output was demanded and disciplinary measures were taken in the factories.

[1] 'An important decision concerning the Rumanian Communists has been taken in Moscow. Gheorghiu-Dej has become the "popular leader". . . . At the moment, although Ana Pauker has not been purged, the Party recognizes him as the boss'. (G. I. in *Nation Roumaine*, 1 June 1951).

[2] 'The reorganization and re-equipment by the Soviet Union of the armies of the satellite States are proceeding so swiftly and efficiently that by the autumn of 1952 most of these forces should be ready for offensive operations'. (Drew Middleton in *New York Times*, 4 June 1951).

[3] 'In all the Cominform countries, output plans were revised upwards with an increased emphasis on heavy industry, and one of the reasons given for the revisions was the need to secure much larger armaments production and the maintenance of larger forces.' (U.N. *Economic Survey of Europe in* 1951) According to reliable reports neither armour nor heavy or medium type guns are being manufactured in Rumania, and such weapons are supplied by the Soviet Union. But small arms, machine guns and mortars, light armoured cars, and 76 mm. guns are being intensively produced locally.

With such a military, economic, and social strain, political changes became inevitable. The representative of the Soviet Army assumed greater control of local administration. Rokossovski's appointment in Poland in November 1949 was the first and the most striking example of this. A stronger leadership, also, more centralized and focused upon a 'popular' leader, was to replace the anonymous impersonal government by committees and bureaux. 'Little Stalins' appeared in all these countries, and the nickname seems the more appropriate if one remembers that Stalin himself did not combine the post of Premier with that of General Secretary until the eve of the war. The intensive campaign of reminding the people of the dangers of 'imperialist aggression' could be carried out only if it was centred round the presence of the 'beloved' leader, prepared for any emergency. In Rumania, Gheorghiu-Dej's appointment was the only possible choice. He was also able to profit from the personal antagonism between Ana Pauker and Bodnaras, the Minister for the Armed Forces since 1945, and undoubtedly the man in whom the Soviet Military Command in Rumania had most confidence.[1]

Gheorghiu-Dej's duty is to bring about the 'mobilization of the masses' without which the economic effort and the readiness to fight cannot be achieved. As he put it in an article in *Pravda* in September 1951, 'The exposure of the aggressive nature of American-British imperialism . . . is a vital task in the struggle for peace, in intensifying the mobilization of the masses so that they may always be ready to oppose the machinations of the imperialists. . . .' As for the dangers inherent in the international situation, he pointed out the special threat to Rumania which lay in the common frontier with Yugoslavia; and as for the strengthening of the Party, the communiqué of the Central Committee published on 27 May 1952 reiterated his personal pledge that he would accept hundreds of thousands of new members 'recruited from the combative sons of the working classes'.

The anti-foreign and possibly anti-Semitic purge of the Party, as well as the promotion of many young Rumanian Communists, show that this tactical mobilization coincides with the tendency of a new wing of the Party to enter upon a fresh phase of native membership and cadres. But the change in fact also coincides with

[1] Mr Harry Schwartz, the *New York Times* expert on Russian and Eastern European affairs, is even inclined to think that it is Bodnaras who is now 'Number One' in Rumania. (*New York Times*, 4 June 1952).

a state of total economic chaos caused by the demands of Russia. In spite of this, the new team has pledged itself to production and mobilization, to enforce discipline and out when Vasile Luca and Ana Pauker are accused of having carry out the orders which they received from Moscow bef after the war scare of 1949–50.

CORRUPTION: A NEW FEATURE

When one examines the situation in Rumania and the n which Moscow wishes to make, one can find in the accusa the Central Committee against Vasile Luca and Ana sufficient evidence to confirm all that has been previously the West about the financial insolvency of the Rumanian ment and its bad record, particularly in agriculture. Nor anything new to be deduced from the method of picking o who, for some reason or another, are opposed to the new l giving them the choice between confession and being acc *contumaciam* of having caused the economic disaster to Russia has brought the country. But the accusation of corr mentioned in connection with the handling of the currency is new in such trials. It is safe to assume that it was brou into the open only because it could no longer be hidd scandal had reached too high proportions in Rumania.[1]

It may be conjectured that the personal self-indulgence Rumanian Communists may be largely a result of the psych background of ideological disillusionment and precari upon which the regime now appears to rest. Acting as a agents, not as reformers or revolutionaries, they were in *led to supplement the national exploitation with persor* honesty. It must be said, too, that they could probably n fulfilled their task of collecting for their masters had th resorted to the technique of 'paying black market prices a

[1] 'During the preparation and execution of the monetary reform these revolutionary elements worked intensely with the purpose of preven undermining the application of the decision of the Central Committee of ber 1951. These hostile elements were the source of all the provoca divertionist rumours launched with the purpose of helping the capitalist in the towns and villages to avoid the effects of the reform and to cause di tion, distress, and panic among the working population. . . . At the same order to arouse discontent and to undermine the confidence of the w the Party and the Government, they did not carry out the task entrusted by the leadership of the Party of paying the salaries for the first half of before the reform, and did not pay the salaries of a considerable pa workers in the chief branches of industry.' (Official statement of the Committee, published in the Communist daily *Scanteia*, 3 June 1952.)

couraging speculators'. This was probably the only method left to them of extorting from the people even a fraction of the huge quantities they were incessantly called upon to produce.

Further, if Moscow were sincere in the desire to eliminate fraud and corruption, the move against the Rumanian Communists would have to be followed by an even more severe inquiry into the behaviour of their Russian supervisors. The Ministry of Finance, the Bank of the RPR, and the Bank for Credit and Investment which are now being inquired into are filled with Russian inspectors, advisers, and controllers. It is not loose talk but simple logic to say that the minor Rumanian officials could not have organized such practices without superior accomplices.

VASILE LUCA AND THE ECONOMIC COLLAPSE

From 1947 to March 1952, when he was removed from the Ministry of Finance, Vasile Luca was responsible for the economic policy of Rumania. In reality, his economic dictatorship ended with the beginning of the last Five-Year Plan in January 1951, since when he has seemed to be constantly at loggerheads with the new President of the Planning Commission, Miron Constantinescu, and since when he is charged with having continuously attempted to 'divorce the financial plan and the State Budget from the economic plan'. It is also stated that he opposed the second currency reform of January 1952, although he continued for a while to be in charge of the finance department.

Three main headings can be discerned in the thicket of accusations against him. The first is that he undermined the socialist sector of agriculture and at the same time did not fulfil the programme of collection of agricultural products. The second is that he failed to provide the necessary funds for the programme of industrialization or to finance sufficiently the national economy. Thirdly, he opposed and sabotaged the currency reform. The first of these accusations will be discussed below, together with the whole agricultural problem. The two others both spring from the same dilemma, which was not merely Vasile Luca's alone but is also the fundamental dilemma of any such administration: the problem, namely, of how to cover the three different budgets necessary in such States—the normal one, that for the industrialization and socialization of the country, and the budget for defence and rearmament—with a national income already halved by the direct drain on the national wealth effected by Soviet Russia.

In the period before the rearmament drive, the Russian i upon Rumania's economy made itself felt in three ways: tł the reparations account, the Soviet-Rumanian trade agre and the SOVROMS, or joint Soviet-Rumanian companie first has now ceased but has been replaced by the n and stock-piling obligations. The foreign trade of Rum entirely monopolized by Russia through a combination of trade agreements and the co-ordination operated by the C for Mutual Economic Assistance, the economic counterpart Cominform. It was revealing to see that at the Moscow Eco Conference Rumania was one of the countries authorized t to trade with the West, as a compensation for her present sit Although exact figures are difficult to procure, the example oil trade in 1951 is probably valid for other commodities. A ing to the trade agreement of 17 February 1951, Rumania hand over to the Soviet Union, for foreign trade and stock- together, 2,800,000 tons from a total production of over 4 r tons. The SOVROMS are the specific type of joint compa which the Soviet Union is the only shareholder permitted ceive dividends in a nationalized industry.[1] Such joint com flourish in Rumania and to a lesser degree in Hungary. The now thirteen such major SOVROMS in Rumania, coveri fields of insurance, banking, films, timber, metals, oil tractor sea, air, and river transport. They are allocated from 40 t per cent of the entire national production and turnover and huge tax reductions, as well as immunity from handing ove foreign currency assets and incomes. Finally, stock-pilin direct purchase by various Soviet agencies emptied the market, thus depriving the national market and finances of a By the end of 1951, it had become clear that the State was bankruptcy and that the inflated money which the ha workers and the collectivized peasants had received as could buy nothing in the empty shops and co-operatives. Tl in the production of consumer goods and the requisitioni food brought the people to a state of revolt which, if only for had to be taken into consideration.

The second currency reform, undertaken in January 195 not solve the problem. Broadly speaking, it reduced purcl power by more than two-thirds; but the real value of the

[1] For an account of the creation of these companies see 'Rumanian *The World Today*, January 1949.

still considerably lower than this suggests. While wages and prices were reduced to a twentieth of their former value, sums in cash were exchanged at 100, 200, and 400 to 1. The shortage of goods in the 'rationed price' sector forces the people to buy, whenever possible, in the 'free sector' where prices are at least three times higher. The 20 to 1 reduction claimed for prices is thus fictitious. Moreover the State's action in paying wages for the last fortnight in January in the old lei, and thus making a net profit for itself, brought even the industrial workers to the point of open mutiny.

It was with such resources that the Minister of Finance had to 'finance the national economy'. On paper, 50 per cent of the expenditure estimated in the 1951 Budget was devoted to that. But in reality the highly-priced arms which could, for the most part, only be bought from Soviet Russia, and the costly financing of the stock-piling, greatly exceeded the symbolic 16 per cent designed in the Budget to cover defence expenditure. The provisions of the Budget were not fulfilled, and the whole economic plan, still in its first year, suffered a grievous setback in both the industrial and the agricultural fields. References to the failure of investments in the electrification works and in the production of tractors and agricultural machinery occur frequently in the debates of the Central Committee during May 1952.

This, then, is the general background to the fall of Vasile Luca. The only comment which can be made is that it was he who forced upon Rumania the foreign trade agreements and the main conventions for the SOVROMS. The fact that he was for so long the trusted agent of the Soviet Foreign Trade Organizations, and that he has now been replaced, would seem to suggest that for the moment the Trade Organizations have less power to decide such a matter than have the Soviet military authorities.

ANA PAUKER AND THE AGRICULTURAL CONFUSION

While Vasile Luca is probably in prison, Ana Pauker has retained her post as Foreign Secretary as well as a minor job in the Orgburo. But Luca, too, went through a period of official survival—and so did Gomulka, Kostov, and Slanski. In her case the sentence in her indictment which runs: 'The Central Committee has decided to continue to help her to realize the origins of her lapses and mistakes and to admit them in full', is clear enough. It means that her future hangs upon her willingness to take the blame for any of the crimes of the whole Government which may be allocated

to her. It may well be that if she shows herself willing to as
present Gheorghiu-Dej phase she will end her career as a po
figurehead. But this seems unlikely.

The fact that since March she took a common line of opp
with Vasile Luca, who has been made responsible for the
in the economic and financial fields, has resulted in her
been accused of the growing deterioration in the agric
sector. The only explanation of such an odd accusation ag
Foreign Secretary[1] is that she, as the outstanding person
the team, probably had a decisive voice in the general ideo
problems of agriculture as well. It is even possible that s
the promoter of forcible collectivization as the only met
socializing the country. The accusation against her on thi
appears under the heading of left-wing deviationism and a
mitting the violation of the principle of the free consent
working peasants'. At a time when agricultural collectio
main target of the Soviet economists in Rumania, they h
appease the peasants by suggesting that the Minister resp
for the low prices of agricultural products, who organized de
tions from the countryside and the collectivization and exp
tion of their land, is a foreigner who could not know the real
the peasants' situation. On the other hand, the dissatisfac
the Russians themselves with the figures of agricultural p
tion must be answered. 'Their hostile action', runs the a
tion against Ana Pauker and Luca, 'also found expression
failure to fulfil the plan for the collection of agricultural pro
They are also criticized for having paid too high prices for pr
Yet even so, according to favourable estimates, the prices p
the forcible collectors to the Rumanian peasants are only
one-fifth of world prices.

The changes in the policy of the Rumanian Communist G
ment towards agrarian problems are most revealing. Up t
the situation was confused. In March 1949 a decision of the C

[1] 'The Plenum has found that Comrade Ana Pauker supported the rig
deviation of Vasile Luca, she herself deviating from the Party line in th
lems of agriculture and collections, for which she was responsible to the
Committee and to the Government. This was expressed particularly b
in the organization of the associations for the joint tilling of land (TOZ t
neglect in the setting up of new collective farms, by toleration of the k
collective farms and associations, as well as by lack of concern for the p
of the tractor and machine stations and of the State Farms into which
number of hostile elements have wormed their way. Comrade Ana Pauk
mitted left-wing deviations from the Party line by permitting the viol
the free consent of the working peasants.' (*Scanteia*, 3 June 1952.)

Committee and Government indicated a new general line, based upon the new principles laid down by the Cominform after the breach with Tito and stressing the paramount importance of the expropriation of the land as the only sound basis for collectivization. The years 1949–50 saw intensified attempts to deprive the peasants of their land. The reaction of the peasants in various districts, particularly in the Banat and Moldavia, was, to the Communists, unexpectedly violent; it was at this moment that capital punishment was re-introduced in Rumania. But then the new demands for greater production and stocks of cereals needed by the Army were presented. Forcible collection became more important than the ideological basis of production.

In September 1951 another decision marked the provisional renunciation of the principle of the expropriation of the land. This decision resurrected the old Russian form of agricultural associations, the TOZ, in which private ownership of the land is compatible with collective working. This step can only be called a compromise; and the history of the TOZ shows that they are doomed to disappear once collectivization is achieved. It is remarkable that both Vasile Luca and Ana Pauker should be accused of left-wing deviationism in having failed to encourage this kind of agricultural association, while on the other hand they are charged with paying too high prices to the producers, which might be regarded as an indication of right-wing deviationism. Collectivization continues, but only on a scale comparable with that of the kolkhoz-initiation period in the U.S.S.R. before 1929–30.

On 18 March 1952 another decree clarified the issue even further by stating that 'owners and cultivators of agricultural land will be obliged to hand over agricultural products to the State at established prices'. All individuals and collective farms are included with the exception of those under half an acre. Compulsory quotas are fixed per hectare; the quota of kulaks can be increased by 20 per cent, while those of collective farms in their first year may be reduced by 25 per cent. The key-note of the decree is to be found in the sentence: 'delivery of the product in the time limit and within the established quota is a citizen's patriotic duty'. This phrase is an attempt at a national appeal; it also provides the Government with the right to penalize non-delivery under the heading of sabotage and treason.

However, the phrase 'patriotic duty', when applied to the Rumanian peasants, brings into the general political calculation the

unknown quantity of the reaction of this large and powerf
which still represents almost three-quarters of the whole por
Is there a peasant resistance in Rumania? If the expression
to mean organized fighting by armed groups, this is not t
As in 1949–50, were a new forcible drive for collectivizati
decreed the reaction of the peasants would be violent. B
resistance is essentially of another kind: passive, shrev
patient. Faced with the economic problem of the enforcec
tion of produce, they practise a spontaneous sabotage w
controls can prevent. As for the social problem raised by t
posed attempt to split the peasantry into three sub-groups,
ing to Communist definition—the chiaburs (kulaks), the n
and the poor peasants—it is now clear that it will not le
where. The most frequent reproach levelled against Lu
Pauker is that they failed to distinguish between such sub-
This may be because of the lack of any proper definition
is also due to the peasant reluctance to play off one man aga
other and so to split the unity of the village. Finally, as fa
major political problem is concerned, nobody can doubt t
Rumanian peasantry stubbornly opposes a regime which th
them both as a class and as forming the bulk of the nat
bridge is possible between them and the Russian-sponsore
torship of the proletariat. If the whole new political and ec
line adopted in Rumania is centred round the idea of 'i
defence', the reaction of the peasants to such a defence rem
most dangerous point for the Communists.

THE TOTALITARIAN HYDRA

The conclusion which can be drawn is that there is c
and decisive factor in Rumania today and that is Soviet
This is sufficient to prevent any reaction against the regim
the existing international situation. But it is not, and can
sufficient to ensure the full functioning of the country an
economy. A country cannot be coerced into full functioni
despite so many setbacks and collapses further sacrifices
manded from the population. The regime must be streng
whatever the means. Such means are the huge labour
(believed to house some 150,000 persons) which now
Rumania, the exhaustion of the producers, machines an
workers and peasants alike, the imprisonments and mass-d
tions, which are now taking place on an unprecedente

and many other methods of coercion for economic ends.[1]

As for the Rumanian Communists, they have probably realized by now only too well the sorry role which they have been, and still are, asked to play. Yet they will continue their individual struggle for power as long as the game lasts. Regardless of the reality of the situation, such internecine struggles are germane to totalitarian parties. Anyone who has studied the history of the conspiracies and purges which raged even at the end of the war, not only in the Gestapo or the Reichswehr but inside even such distant outposts of the Nazi system as the Croat Ustachis or the Hungarian Arrow Cross, knows that the individuals and groups employed by a totalitarian machine, from its centre to its farthest periphery, are devoured by it as long as it continues to work. G. I.

The Saar as an International Problem

THE international problem of the Saar was created by the Treaty of Versailles. The basin of the River Saar is rich in medium quality coal. It had been intensively developed after 1880 in the closest connection with the ore of Lorraine; Saar coal was sent to Lorraine to smelt the ore there, while iron from Lorraine formed the basis of the Röchling iron-mills at Völklingen or of those of the Stumms at Dillingen and Neunkirchen. As the population of the Saar increased, it depended more and more upon food from Lorraine. Communications between the Saar and the rest of Germany remained poor; on this account, and because of its inferior quality, Saar coal could not compete with that of the Ruhr, and the Saarland miners remained backward, out of touch with the big labour movements in the Rhineland. Since the foundation of the German Empire in 1871 the French had been haunted by German preponderance in population and in coal; in 1918 it seemed logical to them that Alsace and Lorraine should bring them the Saar borderland too. The Saarlanders, however, were indisputably German; the Peace Treaty compromised, therefore, placing the Saar Territory under the rule of a Commission of the League of Nations from January 1920 for fifteen years, after which a plebiscite was to be held.

If the Saar problem of today was born in 1919, its character

[1] On 18 June 1952 Mr Nutting, Foreign Under-Secretary, stated in Parliament that the British Government is collecting information on the deportations now taking place in Rumania for forwarding to the United Nations as possibly constituting violations of the peace treaty.

between then and 1945 was shaped by three factors. From
1935 the Saar mines belonged to the French, to whom the G
surrendered them as reparations; the Saar miners thus r
politically as the employees of a hated foreign State. In 19
years after Hitler had become German Chancellor, th
plebiscite was held in an atmosphere of hysterical exhilarat
fear which the Nazis were triumphantly able to induce.
doubted that a substantial majority of the Saarlanders wou
for Germany, and in fact 90·35 per cent of the votes v
favour of reunion with Germany, while 8·83 per cent w
the *status quo* and 0·4 for union with France. It should be
that Nazi propaganda successfully identified the idea of G
with that of National Socialism in the Saar. Between 19
1945 the Saarlanders experienced four-and-a-half years of
mic misfit in a Germany still at peace, then a war which su
them to two evacuations and finally to terrible bombardm
1945 the era of the League of Nations Commission had be
happy memory.

After the second World War the densely populated,
industrialized region of the Saar was in desperate diffic
formed a part of the French-occupied zone of Germany. A
unconvincing movement for its annexation to France had
away, the French brought forward a plan for the economic u
the Saar with France; this, while involving its political deta
from Germany, was to be combined with political autonom
the Saar the proposal meant food from Lorraine again,
mantling, and no refugees, as the French did not fail to emp
But it is false to suppose that the Saarlanders were simply
mailed into acquiescence; many of them felt that, with G
broken up, the autonomous solution was a good tempora
which might lead to some sort of internationalized status late
the spring of 1947 the French agreed to the economic unific
the three Western zones and to a rise in the permitted l
German production; in return they asked for a Franco-Sa
toms and currency union. The latter plan was fulfilled
end of November after the French had extended the terr
the Saar, to the apparent satisfaction of its new inhabitan
new territory, less populated and less highly industrializ
the rest of the Saar, increased the total Saarland area by s
per cent, and the population by 20 per cent.[1]

[1] According to the 1950 census figures the population was then 959,

It is perhaps necessary to point out that the formation of the Saar Constitution was carried out by what were at that time normal methods in the rest of Germany. Former Nazis made themselves scarce while former Catholic and Socialist politicians came forward; in the special case of the Saar many of them were Gestapo victims or men who had been driven into France, at the time of the plebiscite, by the threat of Nazi persecution. When a Saar Landtag of fifty members was elected in October of 1947 only the two Communist members objected to the constitutional project for the autonomy of the Saar, while twenty-eight members of the Christian People's Party, seventeen Social-Democrats, and three Democrats were in favour. It was made clear that the Saar Constitution which was accepted on 15 December 1947 was provisional, pending the final German Peace Treaty. A Saar Government was formed containing three representatives of the Christian People's Party, two Socialists, and one non-party member; the Premier was Herr Johannes Hoffmann, former leader of the anti-Nazi Catholics in the plebiscite campaign.

Between the end of 1947 and the summer of 1950 the situation of the Saar underwent radical changes both internationally and internally. The Federal Republic of Western Germany made a remarkable economic recovery after 1948. The movement towards European federation made progress, and in May 1950 this was expressed in economic terms in the form of the Schuman Plan; in this the French saw a possibility of international control of German heavy industry and the Germans the chance of using the mechanism of the Schuman Plan to dominate the economic situation with a new type of European cartel. The Saar with its mines and foundries was closely concerned. Within a few months of the outbreak of the war in Korea the situation was again transformed by the American decision that the danger from Russia necessitated the rearmament of Western Germany. This roughly synchronized with the first appearance—at Strasbourg in August 1950—of representatives of both the Federal Republic and the Saar as associate members of the Council of Europe.[1]

Within the Saar during the same period the French had begun to make themselves unpopular on economic grounds. Under the customs and currency union the French took over the banks and insurance companies, introducing their own personnel. As the Occupying Power they had in any case sequestrated the big steel

[1] See 'The European Defence Community', in *The World Today*, June 1952.

concerns and taken over the coal-mines, the old bone of conte
These arrangements were regularized by a series of Franc
Conventions which were signed on 3 March 1950 and which
into force on 1 January 1951. The fourth of the Conven
dealing with the mines, has proved the most unfortunate; i
down that for fifty years the Saar mines shall be exploited l
Régie des Mines de la Sarre, in which, as Monsieur Frédérix
in *Le Monde* in April 1952, 'tout le haut personnel est franç
qui—peut-être en raison de ses attaches avec les Charbonna
France—constitue en Sarre une espèce d'Etat dans l'Etat'.
on the Conseil des Mines (*Grubenrat*) there sit nine Frenc
and nine Saarlanders, the French Minister of Mines or his d
presides and can always give a casting vote. Wages are deci
accordance with coal prices for all France—a provision whi
caused indignation as it deprives the Saar miners of the ri
collective bargaining. Since the Ruhr miners, along with
West German heavy industrial workers, have won the ri
participate in management (*Mitbestimmungsrecht*), the Saar m
bitterness against the Régie des Mines has grown, and the
tended to look increasingly to Socialist leadership in Ger

There are two other major grievances against the French i
nection with the mines. One is an old one, a running sore be
1920 and 1935 and now again—the matter of the Warndt. Th
mine which lies beneath the Saar-Lorraine frontier, mainly
Saar territory, though it is best worked from pit-heads in Lor
The Saarlanders complain that their own coal is thus mined l
French; they are hypersensitive about it because, unlike othe
mines, the Warndt is nowhere near exhaustion, and they dre
day when their children will have to go to France in order to
Saar coal. Secondly, the Saarlanders complain that the Fren
not invest enough capital in the Saar mines and their possibl
products: for lack of capital, for instance, a chemical f
founded by the Nazis to work up coal products has not been
pleted and the coal is sent to a factory at Ludwigshafen ins
The question of capital investment has been intensified by
troversy over Marshall aid; whereas the Saarlanders insis
American funds were intended for capital investment in ind
such as theirs, they complain that they have received fro
French much less than they should have on the simple

[1] In fact the major part of the coal mined in the Saar Territory is used
it.

of the size of their population in relation to the whole French Union area. Finally they complain that the French authorities conceal the financial situation.[1]

In the steel industry the Saar Government itself, which has not been excluded here as it has from the mines, has invested capital in new steel-using concerns:[2] indeed full employment has made it possible to use unemployment insurance payments in this way. With the fresh boom in heavy industry since the war in Korea employment for metal-workers has forged ahead of employment in the mines: today some 65,000 miners and 76,000 iron and steel workers are employed in the Saar. Indeed the prosperity of the Saar Territory is spectacular, and for the working population this does a good deal to quench the indignation aroused by what appears to them as the greed or the incompetence of the French.

To the small middle class in the Saar, especially to commercial people, to be cut off from resurgent Germany by a formal frontier matters very much more. At the beginning of July 1950, a group of middle-class people who, in order to become a recognized party, had attached themselves to the three existing Democrat deputies drew up a programme of eighteen points mainly insisting upon the rights of individuals; the programme was partly directed against the censorship and other powers which the French, as Occupying Power, had used. This new party, the Democratic Party of the Saar (DPS), passed over the three Democrat deputies and instead accepted the leadership of a clothes merchant named Richard Becker, whose firm had branches in Frankfurt and Munich; he had belonged to the Nazi Party from 1937 to its end. The DPS was in fact a nationalistic group which was liberal in the Continental sense and highly critical of public expenditure, so long as it worked in opposition. Some of its grievances were general complaints against the French with which Herr Hoffmann was in heartfelt agreement; there were other principles which it championed, such as higher wages[3] and *Mitbestimmungsrecht*, which it seemed likely to forget as soon as their formulation was more than a way of annoying the Régie des Mines.

One of the evil consequences left behind by the Hitler regime

[1] For these complaints see *inter alia* the speech of the Socialist leader, Kirn, in the Landtag on 12 December 1951. The Saarlanders also complain that the French have only allowed them Marshall aid money on loan. In addition there are the usual grumbles about occupation costs.

[2] To turn out precision instruments, etc.

[3] DPS publications quite unjustifiably complain that Saarland wages are very low.

throughout Germany is the suspicion that attaches to the t
reasonable patriotism behind which the Nazis sheltered unti
were ready to unmask. In the Saar the plebiscite campai
1934–5 left an even deeper impression: for while on the one
autonomists can always be written off as separatists and F
agents, on the other hand propaganda in favour of reincorpo
with Germany is associated with the whole gamut of Nazi
nique, the lies, the anti-Semitism, the cruelty. To a man like
Hoffmann the first principle of government is to avoid the W
Government's mistake of tolerating opposition which accep
letter of the law but is basically disloyal to the State; he will
forget that the League of Nations guaranteed protection for
who voted for the continuance of its own regime in the Sa
fact Nazi propaganda easily convinced the Saar voters tha
would be victimized unless they voted for Germany, and me
Herr Hoffmann were forced into exile to escape the concent
camp from which Geneva was helpless to save them.

Thus the Hoffmann regime regarded the DPS with sus
from the start. Finally on 21 May 1951, after a DPS meetin
visitors from Germany had been forbidden, the party was
pressed as unconstitutional because it did not accept the po
autonomy of the Saar; on the same grounds the Communist
should have been suppressed. The prohibition was badly s
It was pronounced in connection with a telegram the DPS
alleged to have received from the West German neo-Nazi le
Dorls and Remer but which turned out not to be genuin
was also thought to have been urged by the French, who as Oc
ing Power might have been considered within their rights
High Commissioner in the Saar was Monsieur Gilbert Gra
an intelligent and forceful French Jew with an admirable rec
the French resistance movement. He was called a Gaulliste,
was never quite clear whether this referred to the period of th
or the period which has followed. He was at any rate accu
trying to double-cross Monsieur Schuman's plans for concili
and it was suggested by his enemies that he might have engin
the suppression of the DPS as an obstacle to agreement o
Pleven Plan which was under discussion in Paris during th
half of 1951.[2] Within five years from October 1947, that is

[1] A case is being brought about this; each side accuses the other of del
delay.

[2] On [illegible] April 1951 there was a satisfactory exchange of letters b
Monsieur Schuman and Dr Adenauer about the Saar.

not later than October 1952, fresh election for the Saar Landtag will fall due; and the suppression of the DPS may thus be said to have inaugurated a new pre-election phase. There was an uproar in Germany, the Social Democrats together with the more extreme nationalists protesting against Herr Hoffmann's regime as that of a police State; on 29 May Dr Adenauer complained in a note to the Allied High Commissioner.

If they were banned in Saarbrücken it was natural that members of the DPS should form a *Saarbund* in Germany, especially as several of them had already been expelled from the Saar. Towards the end of 1951 they founded a fortnightly newspaper called the *Deutsche Saarzeitung* which quickly developed a neo-Nazi character; its first editor resigned on this account after the third issue. The paper attacked Herr Hoffman for terrorism in much the same way as the Nazis had attacked Dr Brüning in Germany in 1930–2 when he took measures against them. Whereas on 1 July 1951 Herr Kaiser speaking at Landau rejected a comparison between the position in the Saar and that in Eastern Germany, in 1952 it became habitual in Germany to speak of the Saar regime—which had certainly not changed—in the same terms as of that of the East German Government.[1] Encouraged perhaps by the courting of Germany to ensure her participation in the European Defence Community, the *Deutsche Saarzeitung* on 10 April 1952 launched an attack upon Monsieur Grandval as an African Jew and a Maquisard[2] and was therefore confiscated throughout the French Zone. The *Rheinische Merkur*, which is regarded as the paper closest to the Federal Chancellor, expressed embarrassment at this time over the '*Stürmerhafte Niveau*'[3] of the organ of the *Deutsche Saarbund*, but in Saarbrücken leading members of the DPS claimed to see nothing wrong with the *Deutsche Saarzeitung* and boasted over its clandestine circulation in the Saar. Thus the DPS had become what Herr Hoffmann had believed.

A favourite argument of the DPS and of many Germans was to claim that at the time of unconditional surrender the Allies had accepted Germany's frontiers of 31 December 1937; consequently the autonomy of the Saar was from the outset inadmissible. The

[1] The Socialist Opposition spoke in these terms, for instance, in the Bundestag debate on the Saar in Bonn on 23 April 1952.

[2] In nationalist circles in contemporary Germany there is a tendency to write off anything to do with national resistance movements as Communist brigandage.

[3] Literally, 'the *Stürmer*-like level'—thus admitting the resemblance of the *Deutsche Saarzeitung* to Streicher's violent Nazi weekly, *Der Stürmer*.

three Western Powers had on 3 August answered Dr Adena note of 29 May 1951 by refuting this theory. But from all sid had been agreed—and this was confirmed in the preamble t Saar Constitution and in the Franco-Saar Conventions—that system established in the Saar before the final German Treaty provisional. On 27 January 1952 Monsieur Grandval's positic High Commissioner was transformed into that of French Am sador to the Saar, an appointment which suggested an un belief in the duration of the provisional. A fresh uproar in Bundestag followed, the Saar question having become, to German Social Democrats, a welcome stick with which to bea Adenauer. At intervals it was recalled that it was the Saar popul which was perhaps most concerned: the elections this year sh give the Saarlanders their voice.

Towards the end of March Dr Adenauer met Herr Hoffm for the first time during the Paris meeting of the Council of Euro Committee of Ministers; it was hoped to arrive at an understan over the Saar outside the general contractual agreements betv the three Western Powers and Western Germany. The Ger demand that steps should be taken to guarantee that the Saar elections should be 'free' brought nothing but equivocation. to the Germans free elections meant the freedom to vote for pa standing for unconditional[1] reincorporation in Germany, whil Herr Hoffmann and Monsieur Schuman it meant freedom to for parties which accepted the autonomous Constitution of Saar. The conversations in Paris seem to have broken down the composition of a commission to examine the Saar elect conditions on the spot. The Germans wished for two German two French representatives, but the Quai d'Orsay and I Hoffmann expected two Saarlanders to be included.

It is not very easy to gauge Saarland opinion this summer. the whole the Hoffmann regime has lost ground considerably. S of the miners have staged a revolt against the traditional Saarl Socialist Party (SPS) which failed to save its popularity by lea the Government in April 1951. Just before Easter a miner in fifties, an anti-French political free-lance called Paul Kutsch, elected President of the Saar T.U.C.[2] On 25 May a new Ger Socialist Party (DSP) was founded in the Saar; it is largely

[1] The Socialist Party of the Saar (SPS) uses this phrase by way of sugge that its members are not uncompromising autonomists.

[2] More exactly, *Vorsitzender des Bundes der Einheitsgewerkschaften*.

spired by the excessive German nationalism of the Socialists in Germany, and, while accepting the Saar Constitution,[1] will obviously work against it. On 3 June another new party was inaugurated under the same name—C.D.U.—as that of the main Government party in Western Germany; it is likely to attract support both from the Catholic clergy and from people who would like to belong to the DPS; it, too, accepts the Saar Constitution in order to overthrow it. A pro-German Workers' and Peasants' Party is also expected to enter the arena.

In spite of these developments the history of the last few decades has encouraged political apathy. It is fairly characteristic that older people with DPS inclinations condemn the new bi-lingual University, founded in 1948 at the instigation of the French, while the younger generation is ready enough to make use of it. A few both older and younger people welcome the possibilities of this would-be European University.[2] Anyone who remembers the abuse once showered upon the League of Nations regime of 1920–35 is bound to smile a little wryly when he finds that a good many Saarlanders now long for the resurrection of something of the kind. At the same time he will ask himself whether a fresh wave of German propaganda on a grand scale would not sweep away the European aspirations of the present-day Saarlanders overnight.

E. W.

Finland's Reparations

WRITING of German reparations after the first World War, Mr R. F. Harrod said in his *Life of John Maynard Keynes*: 'We lack experience of what civilized white men will do under the lash.' Well, now we have some experience, and it may be an edifying story.

By 18 September of this year Finland is due to deliver to the Soviet Union the last instalment of the reparations bill imposed by the armistice of September 1944. It was a most inordinate bill,

[1] A law passed on 17 March 1952 made this a condition for the recognition of any new party.

[2] Saarbrücken University made an application to Strasbourg in August 1950 to be recognized as such.

heavier by far in terms of the resources and productive capac the debtor than any other reparations agreement of which r exists. (Calculations vary, but the generally accepted estim that reparations amounted to 17 per cent of Finland's na income in the first year and 15 per cent in the second, wh those which the Allies imposed on Germany after 1918 were more than 4 per cent of the German income.) At the same ti was a most detailed and precise bill, calculated in terms appa not of what Finland could produce but of what the Soviet U most immediately needed. Few people in 1944 thought th Finns would be able to pay, but they have paid in full—or r they are within 3 per cent of meeting the total bill, and there reasonable doubt that this fraction will be delivered by 18 tember. The Russians were justified in their estimate of wh Finns would find possible to do under the threat of the lash. worth noting that the Russians had the good sense not to us lash: Finland was never occupied and there was little Russian interference in her internal affairs; the Finns were free to produce the goods in their own way, though in Ru time.

The reparations bill, as laid down in the Russo-Finnish A tice of September 1944 and amended in the agreemen December 1944 and December 1945, amounted to 300 m dollars, the dollar being defined as 'the American dollar at its parity on the date of the signing of the agreement, i.e. $3 ounce of gold'. The bill was to be paid in goods, and the g were to be valued at the price level prevailing in 1938, additions of from 10 to 15 per cent in the case of certain modities. This price-level was of course much lower than the level, and brought the actual bill to somewhere in the regi $800 million. Exact specifications and amounts of goods delivered were to be laid down by the Russians two months b the beginning of each delivery-year, and the Finns were to fine of 5 per cent per mensem for delay in delivery of any one c 199 groups of commodities—a fine which would amount to n 80 per cent per annum at compound interest.

But the real weight of the Russian demands is not to be see we look at the types of goods which were demanded. Only third of the bill was to be paid in products of the woodwo industries, though these were Finland's staple export and made up over 80 per cent of her total exports in pre-war yea

further third of the total bill was to be made up of ships and cables. This might sound easy for a ship-building country, but in fact it was extremely onerous. Four per cent consisted of existing ships, or ships which the Russians presumed still to exist—in some cases they had been sunk during the war, in many cases they needed expensive repairs, and in no case could they be spared from the depleted Finnish mercantile marine. Twenty per cent of the bill had to be paid in new ships, mostly of types which Finland had never before made—river-barges for the Volga trade, for example—for which new yards must be built and materials imported. As for cables, their manufacture would depend largely on the import of metal from Sweden. The remaining third of the bill was the most arduous of all. It was to be paid in machines—in locomotives, trucks, cranes, complete sets of industrial plant for the production of cellulose, cardboard, wood-pulp, paper, etc., and electric motors—machines which Finland had never manufactured before and for which the raw materials, machine tools, plant, and skilled labour were lacking. Altogether more than 60 per cent of the reparation goods were to come from the metal and engineering industries, the products of which had comprised only 4 per cent of Finnish exports in pre-war years.

Finland faced the task of footing this bill with a sadly weakened economy. Her man-power had been depleted by the wars of 1939–40 and 1941–4, in which 2 per cent of the population had been killed and a larger proportion disabled by enemy action. Damage done by Russian bombardment was worth about F.M. 1,500 million, and the cost of repairing damage done by Germans to buildings and railways in the north would be about twice that amount. The annexation of the Karelian province by the Soviet Union meant the loss of 12 per cent of Finland's agricultural and 10 per cent of her industrial production, and nearly half a million Karelian Finns, who migrated to central and western Finland rather than remain in their Karelian homes under Russian rule, had to be found houses, land, and equipment. The loss of Karelia was particularly damaging to Finland's capacity to meet the reparation-demands, for that province had manufactured a quarter of the cellulose produced in the whole country, and the new frontier cut the Saimaa Canal and the Vuoksi watercourse which were essential to the industrial transport and to the electric power of non-Karelian Finland. Add to this the more usual consequences of war—depleted livestock, fields starved of fertilizers—

and it will be realized that it would have been hard enoug
Finns to get a living in 1944 and 1945 even if no repara
demands had been made on them at all.

Finland has no resources of coal, iron, or oil, and hardly a
textile materials, and immediately after the war she had not
enough cereals or fats to feed her people. To pay for her nec
imports Finland must produce goods for commercial exp
excess of the goods produced for reparations-payment (as l
1946 one third of Finland's total exports consisted of repara
deliveries), and the necessary imports now included not only
was needed for her domestic economy but also the goods req
for manufacturing items on the Russian account.

The first post-war years were terribly hard for the Finns.
were not starving, though many of them were cold and hu
as on food rations amounting to 1,137 calories a day in 1945
were bound to be. Many nations which had emerged from
war on the victorious side, not to speak of defeated nations,
worse off. The real hardship was not their actual condition
their uncertainty as to Russia's intention.

There was daily apprehension—one would say fear, but s
how the word does not fit the Finns—that the Russians v
break the armistice agreement and occupy Finland or othe
interfere with her domestic freedom. These apprehensions we
for years; they were intensified by the Prague coup of Feb
1948, and were dissipated only after the Kremlin offered
terms for a Treaty of Friendship and Alliance in April of that
On the question of Soviet intentions with regard to repara
there was constant apprehension. Sometimes the Russians se
ready to ease the reparations burden, as in December 1945
they extended the period for payment from six years to
Sometimes they heavily increased the bill; at the Potsdam Co
ence, for instance, they got the United Kingdom and the U
States to agree to their claim to all German 'external a
located in Finland. These assets were subsequently defined a
cluding not only the German clearing-account balance bu
German arms and supplies left in Finland: the Finns had to
17 million reparation dollars under the first heading and
million under the second. Sometimes the Russians seeme
clined to be lenient in matters of detail, as for instance when
reduced the number of old ships to be delivered from 120 to
(but in this there turned out to be a catch: many of the v

handed over were rejected after examination with the demand that they should be replaced by others which had not been on the original list and were either larger vessels or vessels which would need extensive repairs). Sometimes they were peremptorily strict. When materials which the Finns needed for manufacturing reparation-goods—materials which had been paid for and promised—were delayed by a metal-workers' strike in Sweden or by a coal-stoppage in the United States, the Russians would hear no excuse. Finland must pay the fine if her deliveries were late.

Uncertainty reached its height between mid-1946 and mid-1948. When the Peace Conference met in Paris the Finnish delegation, which included a Communist Minister of Home Affairs, received an unexpected rebuff. The Finnish Foreign Minister's speech said nothing about the territorial clauses of the proposed treaty but drew attention to the reparations-burden and asked that the total bill should be reduced by one third. In this he was following M. Molotov, who in Paris discussions on the Italian peace treaty had remarked that instead of discussing frontiers one ought to confine oneself to the question of 'those economic clauses which affect the standard of living of every single working man'. But M. Molotov replied to the Finnish Foreign Minister by a heavy snub—Finland's appeal, he hinted, was being governed by a wish to run errands for certain capitalist Powers—and the reparation-clauses were written in to the peace treaty unchanged.

When the treaty was signed in February 1947, Finland was in a sorry way. She had sent 60,000 tons of prefabricated houses to Russia in the last quarter of 1946 and was short of 140,000 dwellings for her own people. She was late in deliveries of machinery and ships to the value of $4 million and was liable to a fine of $200,000 a month. But in 1948 Russian policy changed. Moscow suddenly announced that as from 1 July of that year the outstanding deliveries would be reduced by half. This would mean a reduction of 73,500,000 reparation-dollars, almost a quarter of the total demand, a reduction nearly as great as that which the Finnish delegation had been jumped on for requesting at the Paris Peace Conference. There was of course an understandable reason at least for the timing of this concession: Finland was on the eve of a general election, and her Communists wanted to claim the credit for securing Russia's favours.

The alleviation came almost half-way through the reparations period. There was no doubt now that the second half would be

easier. According to the amended schedule set by Russia, Fi had paid two-thirds of the bill in the first four years. During years she had undertaken much of the capital expenditu setting up new factories, plants, shipyards, and the necessary for producing the goods to be delivered during th few years. But there were still serious difficulties. The redu were not made evenly over all commodities. They were swe in the case of timber-products, paper, and cables, but small i of machinery and industrial equipment, and nil in the case of These latter, of course, were precisely the items with which Fi was finding the greatest trouble. Professor Suviranta note *Unitas*, Helsinki, August 1948) that 'the wooden schooners a of the most extreme cases, for which the price has been fi 15,000 reparation-dollars, but which cost in manufactu million marks, i.e. about 180,000 dollars according to the c rate of exchange'. The whole relation of the reparation-dol the actual dollar had changed vastly since the time of the arm agreement, and the level of wholesale prices in America in 1948 was about 60 per cent higher than in September 1944.

On the other hand, the reduction in reparation-demand timber products released quantities of these for sale on the mercial export market at a time when demand and prices soaring. There was a great uplifting of hearts in Finland July 1948.

People began to look forward to the end of the repar period and to see grave problems ahead. What would happen September 1952 to the metal and engineering industries whic been expanded and in many cases created to manufacture re tion-goods? There could be no question of selling their pr profitably in the markets of the West. Finland's electric m for instance, could not be expected to compete commercially those of the established industries of Sweden, Britain, an United States. The new industries would surely have to be down, their capital written off and their skilled workers th into unemployment, or else they would have to go on prod for the Soviet Union, which as the sole buyer would be al make her own terms. Some of the doubts on this score were rest when the terms of the Russo-Finnish trade agreement had been under negotiation for seven months were announc June 1950. Under this agreement Russia undertook to buy d the five-year period ending on 31 December 1955 pretty

what she had been taking in reparations during the previous five years. Finland would send industrial and timber-working equipment, pumps, cables, vehicles, and vessels (including 20 tankers, 200 barges, and 60 schooners), and the Soviet Union would send to Finland wheat, sugar, rye, cattle-cake, industrial chemicals, oil, etc. The value of the trade would be $352·8 million each way. Prices would be fixed on the basis of 'world market prices' prevailing at the time.

At least this would mean no unemployment in Finland. The number of industrial workers in that country had risen from 214,000 in 1938 to 400,000 in 1951, while the number employed in agriculture had declined by nearly 500,000. There would be no setting back of the industrial revolution which the reparation-demands had accelerated.

Finland could not have met these demands if she had not succeeded in reviving her commercial foreign trade. In 1951 the quantity of goods exported commercially exceeded the 1935 level and was very little below the volume for 1938. Her most important market was the United Kingdom, which was now taking nearly a third of her total commercial exports. (The Soviet Union was taking about a twelfth in 1951 and the United States about a fourteenth). At the same time Finland was increasing her imports, the volume-index of which was 55 per cent higher in 1951 than in 1935, and had raised the volume of production in the home-market industries well above all pre-war levels.

The year 1951 was by far the most prosperous that Finland had enjoyed since pre-war times. Agricultural output was still below par: the cereal crop of 669,000 tons compared unfavourably with the 850,000 tons of 1938, and the milk output of 2,550 kilograms with the 1938 output of 2,670. Building activity in domestic dwellings was still disappointing. But industry saw a great leap forward, helped by the swollen prices for timber-products on foreign markets. This boom would decline in 1952, but the Finns were not unduly worried by that. They had had time to put their financial house in order and were within sight of checking the inflation which had been the politicians' nightmare ever since the war ended.

Looked at as a whole, these post-war years make a wonderful chapter in Finnish history, more exciting perhaps when looked at from the political point of view[1] (which other democratic country

[1] See 'Finnish Outlook', in *The World Today*, April 1950.

has had a Communist as Prime Minister and another as Minis
Home Affairs and has got rid of them without damage, upro
scandal?) than from the economic, but exciting enough even
the narrow aspect of the reparations-story. We know now w
civilized people will do under the threat of the lash.

J. H.

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Notes of the Month

Federation in Central Africa

WITH the publication, on 11 July, of the White Paper (Cmd. 8573) setting out the draft scheme for the federation of the two Rhodesias and Nyasaland as drawn up by representatives of the three territories and Her Majesty's Government at the most recent London Conference, the debate both in Britain and in Central Africa has at once intensified and become better informed. Indeed one of the main purposes of the White Paper was to achieve this, to give all the people concerned, white and black, facts for discussion, and to ensure that argument and counter-argument should no longer be merely propaganda *in vacuo*.

It is important to remember that the present move towards solving this question, which has been under discussion off and on for nearly twenty-five years, was made by the previous Government on the suggestion of Sir Godfrey Huggins, and that there is no disagreement between the two political parties in this country, or indeed among informed opinion anywhere, on the desirability of federation as such. Where disagreement comes in is on the questions of timing and of whether even the most ingenious constitutional safeguards can really assure the Africans' future. The case for federation on economic, strategic, and political grounds—the necessity for establishing a strong State north of the Limpopo based specifically on the ideas of inter-racial partnership—is very strong, and the historical argument, that the political integration or closer association of colonial units has always been, and in most cases always will be, the essential foundation of the strength and growth of the great free nations of the Commonwealth, is unanswerable. The chief difficulties which have always stood in the way of carrying out this particular scheme, or variants of it, have arisen from two causes. These are, first, the reluctance of the Africans of Nyasaland and Northern Rhodesia to exchange the

direct protection of the Crown for that of the Europeans li
Central Africa which they feel will be less sympathetic t
their interests and aspirations; and, secondly, a similar relu
on the part of the Europeans in Southern Rhodesia to sacrifi
of their political sovereignty to a Federal Government itself
in certain respects to Whitehall and Parliament and whicl
think, may prove less realistic in its approach to those intere
aspirations.

The draft scheme contained in the White Paper is
attempt to design the perfect State; it is essentially a comp
devised to overcome these two fears and to deal with a ver
plicated and unsatisfactory political situation. It proposes a l
form of federation under which the Federal Government
exercise only specified powers, the whole field of African
being left to the three territorial Governments, and speci
vision being made in the form of an extra-political African
Board of mixed racial membership for the promotion an
guarding of African interests in federal matters.

African opposition to the whole project has not been
analyse, but certain concrete fears have been expressed, a
draft Constitution makes a definite attempt to allay them
enshrines the Protectorate status of the northern Africans
taining their relationship with the Colonial Office and the C
it specifically safeguards all their existing land-rights; it in
limits their present prospects of political advancement i
territorial Legislatures and, in addition, gives them seats
Federal Parliament; and it provides that no amendment
Constitution to which they (through the African Affairs Bo
their Legislature object can take place without the sanction
British Parliament. It would, indeed, be difficult to devise,
the limits of constitutional practice, any completer safeguard
answers to the scepticism of those Africans who point to the p
attacks on the Constitution of South Africa must be, firs
nobody can legislate except in terms of the law, and second
their first protector will still be the Crown and Parliament,
power to protect will be no less than it is now under their p
Constitutions. But their fears go deeper than those the
expressed; they fear the new and the unknown. They alway
and they are as yet barely emergent; both their animism an
blood-soaked history have made them intensely conser
Every single advance which has been achieved for them in t

fifty years has been won in the teeth of their initial opposition, but they have always co-operated when matters have been carefully, fully, and sympathetically explained to them.

The final decision, then, will be a moral one. If the Africans cannot be persuaded to change their minds, should the scheme be proceeded with, abandoned, or delayed? And that is the issue which, before the necessity for making any such decision has been reached, is dividing European opinion and bedevilling dispassionate appraisement of the White Paper. Over the whole scene looms the shadow of South Africa, the growing threat of Afrikaner immigration into Northern Rhodesia, and the steady worsening, by this and by all the argument, of the vitally important race-relations. It is necessary to remember that the whole of this project is based on the ideal of inter-racial co-operation and that the offer of partnership—however difficult that may be to put even into gradual practice—has come from the Europeans. If the Africans reject it, and because of this the scheme is dropped, the effect on race-relations may well be far-reaching.

The Republican Choice

GENERAL EISENHOWER has been chosen by the Republican party to carry its standard into the fight for the American Presidency that will be decided on 4 November. A few months ago it seemed that, if he were nominated, he would certainly be the next President of the United States. Today that is by no means sure. What is sure as a result of the General's nomination is that the basic principles of American foreign policy will not be an issue in the coming campaign as they would have been had Senator Taft been the Republican choice.

The Senator would have stood not for isolation, which is no longer practical politics, but for the new nationalism that promises security at cut prices. General Eisenhower may be expected to attack many of the details of the Administration's foreign policy, particularly on questions such as the Yalta agreement and the fiasco in China for which he had no responsibility. But he has been too closely associated with, and is far too firm a believer in, the Administration's basic principle of concentrating its resistance to Communism on strengthening Europe to be misled into attacking that principle for the sake of what would in any case be a doubtful political advantage. The General will not have any difficulty in balancing on the Republican platform's foreign

policy plank, even though it inclines to the isolationist side nobody expects a candidate to stand more firmly on his pa platform than he wants to do.

A further guarantee that the Republican campaign will no fought on a Far-East-First basis is provided by the choic Senator Nixon as Vice-Presidential candidate. One of the fav ites had been Mr Knowland, 'the Senator from Formosa', lar because he had shown himself an excellent vote-getter in (fornia, a large and important state with which the General, comes from the Middle West and is well-known in the East, no connection. Mr Nixon also comes from California, but he always supported the Administration's foreign policy. His considerable reputation springs mainly from his determinatio investigating Mr Alger Hiss; it was due to his efforts that Mr I was convicted of perjury for denying that he had been a C munist. But Mr Nixon proceeded by meticulous legal meth therefore, while his nomination is intended to prove that Gen Eisenhower will not tolerate Communist influences in the Gov ment, it does not mean that the General has any sympathy for demagogic irresponsibility of Senator McCarthy.

The 'prehistoric' wing of the Republican party was defeated third front, that of domestic economic policy, by the nomina of General Eisenhower. For the men behind him—he has Gover Dewey to thank for his victory even more than Mr Paul Hoffma were the progressives of the party, who know that the clocl social reform can never, and should never, be turned back to pre-depression Republican heyday. One of the oddities of party is that Senator Taft recognizes this, to some extent at le while it is doubtful whether General Eisenhower does. He ne lost the nomination in the weeks after his return from Eur because of the dull generalities of his speeches and the lacl knowledge of domestic affairs revealed in his answers to questio where he was specific he was conservative. Now he has said his campaign is going to 'bring a message of faith and hope to American people' rather than to give them a detailed program

But his advisers—and the General has always known hov take advice—are well aware that the Democrats have selc failed to fulfil the hopes of the American people, and that wh wanted from the Republicans are details of how they propos do the same. There are few voters under forty who can remem anything except prosperity brought by a Democratic Adminis

tion; those over forty associate the Republicans with depression. It is hardly surprising that there are several million more confirmed Democrats than there are Republicans, but this means that no Republican can win the Presidency unless he can attract a large number of independent votes.

It was because all the evidence shows that General Eisenhower can attract such votes that he was chosen by the Republican convention. As well as his war-time reputation, he has the great advantage of being above the dust of party politics. It was the national revulsion against the unscrupulous Taftian efforts to dominate the convention by rigging the machinery that finally drove the Republican party into nominating the General. For what the party must have this year is a victory; a sixth successive defeat might be fatal to it. To achieve that the whole-hearted efforts of a united party are necessary, and the convention left much division and bitterness behind it, even though the General was nominated on the first ballot. The danger is that in his attempts to bridge the party's divisions he may alienate more independent voters than he can spare. Much depends on who is chosen to be the General's Democratic opponent.

Berlin Since the Signing of the Contractual Agreements

A British Note, in reply to the Soviet proposals of 24 May on the subject of the holding of free German elections to set up an all-German Government, was delivered in Moscow on 10 July. It stated that H.M. Government wished 'primarily to concentrate attention upon the immediate practical problem of the procedure for setting up, through free elections, an all-German Government under which a peace treaty can be negotiated'. But the Note also 'observed with concern that, while reaffirming its desire for the unification of Germany, the Soviet Government has recently adopted a series of measures in the Soviet zone and in Berlin which tend to prevent all contact between West and East Germany'. The measures themselves—the creation of a no-man's land along the zonal frontier and round Berlin to reduce the possibilities of escape from the East into the West—have been fully reported in the press, as also the increasing number of cases of kidnapping of persons in West Berlin. They are of interest, not only in the light of the demand for free elections, but also in view of the status of Berlin, which remains, theoretically at least, a united city under quadripartite control. In fact it is, of course, a divided city with two

administrations, one in the East and one in the West, each of w sees itself as the lawful government of the whole city. In the Hall at Schoeneberg, where the Western Parliament meets, are left vacant for representatives from the Eastern sector, altho there are no direct dealings between the administrations in the halves of the city. Moreover, so long as the Soviets on their sid not recognize the existence of the civic authorities in West Be nor the Western Powers that of the Eastern administration, problems affecting the city as a whole must be dealt with betw the four Powers.

At the present time, while the Russians try to stop British American patrols from operating on the Autobahn on the gro that there are no agreements covering the road corridor to West, the East German Government is doing its best to seal West Berlin, not so much from East Berlin, which is difficult from the East zone, by building a canal to prevent water-b traffic from Eastern Germany to the West having to go through Western sectors. Although this canal system is not likely to be f in operation before the end of the year, a loop railway round city is already in existence. The Western Allies have recently affirmed their guarantee of September 1950 to treat any at upon it as an attack on themselves. An undertaking by the V German Federal Republic to give aid to West Berlin has b written into the Contractual Agreements. Yet on 6 June Bu master Reuter told the West Berlin Senate that the danger to city came, not so much from its internal political problem, as f its economic position in relation to Western Germany. He c plained that Western Germany was withholding orders from city in view of the uncertain political situation. There was, ind during May and June a substantial withdrawal of funds from city. A few days after Burgomaster Reuter's speech, the V German Chancellor, Dr Adenauer, announced increased finar support for the city, and said that he had given instructions th many contracts as possible should be placed with it. On 16 Jul himself visited West Berlin, and said that the West German Pa ment would on the same day approve the allocation of 8 per cer Western Germany's turnover tax to the relief of West Berlin. undertook that Berlin prices would not be allowed to rise, and export firms could count on stable freight charges from the ways. He emphasized that West Berliners could rest assured they would never be neglected or left in the lurch.

Only a week before this visit of Herr Adenauer to the city, and the day before the presentation of the British Note on free elections, the second S.E.D. Party Conference met in Eastern Berlin. In the course of a long opening speech, Herr Ulbricht, the Secretary General of the Party, referred to the position of West Berlin. He said: 'I think the West Berlin workers know very well what they owe to the Democratic Republic.' 'What,' he asked, 'would become of the unemployed and ordinary people in West Berlin if they could not provide themselves with cheap goods in the democratic sector?' The solution of the Berlin question required only, in his view, that the population should free itself from the rule of the United States, British, and French agents in the West Berlin Senate, and that peace-loving and patriotic citizens should take the question into their own hands. Both he and the Prime Minister, Herr Grotewohl, also spoke of the need for free elections, but outlined proposals for government reform in the East zone which seem likely to increase the practical difficulties in the way of holding them. While the existing five Länder are to be retained in principle, the work hitherto performed by their governments and diets is in future to be performed by about three area (*Bezirk*) councils and by about fifteen district (*Kreis*) councils in each Land. The existing district councils are to be split up into a greatly increased number of smaller units. While nothing was said about the manner of electing these new administrative organs, the changes will constitute, in the words of Herr Ulbricht, 'a further step towards the democratization of the State power'.

The Volga-Don Canal

In 1926 Ordzhonikidze, speaking at the seventh Soviet Trade Union Congress on the necessity of reducing a much inflated Government staff, said that this step would release financial means for constructions, including the Volga-Don canal, which would be of enormous importance for the country's economy. Not till about fifteen years later was the construction of the canal actually begun; interrupted by the second World War, it was completed only a couple of months ago. Linking not only the two rivers but all the European seas of Russia, its importance is both commercial and strategic. The Baltic and White Seas, joined by the canal of the same name (built in the early 'thirties by penal labour), were already connected with the Volga and the Caspian Sea by canals of the Mariinsk System, the first of which was built about 140

years ago, and the so-called Moscow canal, completed in
this network is also linked with the rivers Kama and Sev
Dvina in the northern part of Russia. Now these waterwa
also connected with the Azov and Black Seas, thus provi
cheap means of transport across a country in which the r
system is still underdeveloped.

The Volga-Don canal, 63 miles long, runs from south of S
grad to Kalach. It is a triumph of engineering over natu
two rivers being divided by a watershed that rises 88 metres
the level of the Volga and 44 metres above that of the Don
locks on the one side of the water-divide, and four on the
had to be built to enable ships to pass from one river to the
The canal will be fed mainly from the river Don and its trib
the Severny Donets, whose waters, plentiful in spring b
shallow for navigation in summer, will now be stored an
tributed by several reservoirs. The biggest of them, the 'T
lyansk Sea', stretches over an area of 2,000 sq. miles. To cop
the expected traffic, new roads, railways, bridges, dams, an
bour installations are to be built, as well as new ports at T
lyansk, Kalach, and the estuaries of the Severny Donets ar
Don. New types of ships and barges are under constru
including a luxury Diesel express for passenger traffic be
Moscow and Rostov. Goods transport will include coal,
ore, grain, and fruit from the Don and North Caucasus areas
Volga and beyond, and timber, oil, chemicals, motor vehicle
tractors in the opposite direction.

The Tsymlyansk Sea will also feed a vast irrigation syst
be completed in 1956, which will cover an area of about 6·8 n
acres between Stalingrad and Rostov-on-Don, in the past pe
cally subject to disastrous droughts. The power for this vast n
tion and irrigation scheme will be derived from the new T
lyansk hydro-electric station which, with a total capacity of 1
kilowatts, will produce 460 million kwh. a year, part of
will be diverted to industrial, agricultural, and communal

Other projects of a similar nature are the Kuibyshev and S
grad hydro-electric stations, to be completed in 1955 and
respectively. The first, with a total capacity of 2 million kilo
is claimed to be the largest in the world. These stations wil
produce about 10 milliard kilowatt-hours per year[1] and will

[1] In 1913 the total power production in Russia was 1·9 milliard kw
5 milliard kwh. in 1927–8.

power for industrial enterprises over an area reaching as far as Moscow. The Stalingrad system will, in addition, irrigate and water 17·3 million acres of land between the rivers Volga and Ural, an area, according to Soviet reports, 'larger than half of England'.

The irrigation and watering of over 14·8 million acres in the South Ukraine and Northern Crimea will be effected by the Kakhovka plant on the Dniepr, also linked with a power station whose production is expected to be about 1·2 million kilowatts a year.

The last of these projected constructions, all of which received official approval in the autumn and winter of 1950, is the Turkmenian Canal in Central Asia, which will link the river Amu-Darya with Krasnovodsk on the shores of the Caspian. It will bring water to the lands of the lower reaches of the Amu-Darya, the western parts of the Kara Kum desert, the completely waterless Caspian plains in western Turkmenia, and, through pipe lines, to industrial enterprises and inhabited localities. Three power stations, with a total capacity of 100,000 kilowatts, will provide the necessary electric power. Completion is planned for 1957.

All these irrigation schemes will no doubt help the realization of the afforestation plan, decreed in 1948, which aroused controversy and doubt in the West and of which, it is true, little is heard at present in the Soviet press.

Thus projects conceived long before the second World War (some of them, in fact, even before the Revolution) are now under way. It goes without saying that Soviet writers seize every opportunity to contrast these Russian 'constructions for peaceful aims' with the armaments drive in the capitalist countries.

ERRATUM

In the July 1952 issue of *The World Today*, p. 269, ten lines from bottom, 'seven years ago' should read 'seventy years ago'.

Refugees: An Unsolved Problem

THE end of last year saw the winding-up of the Intern
Refugee Organization, the specialized Agency of the
Nations which had been dealing with the refugee problen
it took over from UNRRA in 1947. During the five years
existence the I.R.O. had helped to settle well over a
refugees. It had been hoped that the expiry of its term o
and of the funds allocated to it would coincide with the re
ment of all the refugees under the I.R.O.'s responsibilit
fortunately, despite all the Organization's efforts, this aim
not be achieved, and early this year it was estimated that
400,000 refugees within the mandate of the High Commi
for Refugees still remained in Europe, of whom some 110,
120,000 are living in camps awaiting repatriation or rehabili
These included some 50,000 in Austria, 50,000 in W
Germany, 10,000 in Italy, 4,000 in Trieste, and 4,250 in C
as well as scattered groups in the Near and Far East.

THE REFUGEE ORGANIZATIONS

In anticipation of the termination of the I.R.O.'s act
another United Nations office had already been set up in Dec
1950 to carry on the work of refugee settlement. This offic
of the United Nations High Commissioner for Refugees,
mandate for three years only, and with Dr G. J. van H
Goedhart, of the Netherlands, at its head, has more res
powers and a much smaller budget than I.R.O. The High
missioner's functions, as defined in the Statute of his Offic
cern the protection of the refugee at the international le
means of representations to Governments, and by furtheri
conclusion of agreements and conventions respecting gro
categories of refugees) rather than the 'legal and politic
tection' of individuals which, under its Constitution, was
function of the I.R.O. Under the mandate of the High
missioner's Office any person is regarded as a refugee w
reasons of persecution or fear of persecution has left his cou
nationality or habitual residence, is unable or unwilling t
himself of the protection of his own Government, and does
under certain exclusion clauses of the mandate covering par
groups of refugees. These particular groups include all re
under the care of some other special agency of the United N

—such as, for instance, the refugees in Korea, who come under the United Nations Korean Relief Agency (UNKRA), and the 700,000 Arab refugees still in the Arab area surrounding Israel. Another clause excludes from the scope of the mandate refugees who are still in the country of their ethnic origin: such are, for instance, those Germans, expelled under the Potsdam Agreement of 1945, who still remain in Germany; Pakistani and Indian refugees; and the 250,000 Bulgarian refugees of Turkish ethnic origin who have been expelled by Bulgaria and are now entering Turkey.[1]

The I.R.O., in fact, differed in principle from the present High Commissioner's Office for Refugees. The I.R.O. was maintained by eighteen Governments who together made contributions amounting to between $150 and $250 million a year, and it was in charge not only of the protection of refugees and of all the non-resettlement activities which that involved, but of the operation of resettlement as well. Looking back on the seven years which have elapsed since the end of the war, one might say that in the UNRRA period the repatriation of refugees was the main point of the programme; that in the I.R.O. years the main point shifted to the resettlement of refugees in other countries; but that today resettlement of refugees is not, and can no longer be, the main target.

There are many reasons for this shift of emphasis. First of all, the problem of surplus population, especially in some countries in the European area, is now so pressing that Governments have come to feel that migration possibilities have to be provided for the nationals of those countries—such as, for instance, Italy, with at least 2 million people unemployed, or the Netherlands, where each year at least 60,000 people have to migrate because they cannot live on the economy of the country.

The post-war emergence of this surplus population problem accounts for the establishment of a new agency which has to some extent taken over the resettlement activities of the I.R.O. This is the so-called Migration Committee, or, to give it its full title, the Provisional Inter-Governmental Committee for the Movement of Migrants from Europe (PICMME), founded last December after a conference in Brussels in which twenty-three non-Communist countries took part. The Migration Committee is not a United Nations agency. It was created on the basis of

[1] See 'The Expulsion of the Turkish Minority from Bulgaria', in *The World Today*, January 1951.

Senator McCarran's thesis concerning the problems inhe entrusting migration questions to the United Nations o agencies, given the membership in the United Nations Soviet bloc. Thus, though close relations exist between it a United Nations High Commissioner's Office, the Mi Committee is completely outside the United Nations.

MIGRATION AND OTHER SETTLEMENT PROSPECTS

The urgency of the surplus population problem natura duces the refugees' chances for migration. In the count immigration the preference of Governments goes to nat who have a passport and a protecting Government, and wh if need arise, be sent back to the country from which they whereas refugees, lacking these facilities, are in a muc favourable position when it comes to boarding the mi ships. That is one reason why resettlement can no lon priority number one on the programme of a refugee a Secondly, whereas in the past the I.R.O. had at its dispo considerable sums of money needed to pay the fare for re crossing the ocean, the new Migration Committee, though i small revolving fund of $500,000 with which to move the b I.R.O. refugees who had already been processed and visaed the I.R.O. came to an end, has no funds at its disposal f financing of any vast-scale movement of refugees. Conseq under the present circumstances a refugee can only hope that he will be able to earn his own fare or that some vol agency will be able to advance him the fare against ev repayment on arrival.

A third reason hampering the resettlement of refugees is found in the policy of the countries of immigration whi present conditions, have every reason to raise the sta required of immigrants. These countries now have an choice of potential immigrants, and it would be utopian to su that their immigration legislation takes any great acco humanitarian considerations. Indeed one of the distressing fe of refugee work is that the problem of refugee migrants often to be regarded merely as a problem of manpower; and alt every effort continues to be made to induce reception count give a fair share of places to refugees when planning their imi tion schemes, it seems unlikely that even as many as 10 pe of the still outstanding refugees will be able to settle ov

What, then, are the remaining possibilities open to the refugees? The first aim should be to try to integrate as many as possible of them in the countries where they now are. Needless to say, this course would not always be to the liking of the refugee himself. For a refugee, resettlement means boarding a ship to cross the ocean and coming to a new country, and this has a considerable psychological significance. If a man has arrived, say, in Austria and has been waiting about there for a couple of years, even if someone then comes and offers him credit with which to establish himself there and make a new start, there is still a great difference in mental impetus between that sort of start and the new horizons opened up through migration overseas. From the point of view of the refugee, a new life in Canada, the United States, Latin America, Australia, or New Zealand is infinitely preferable to any attempt at re-establishment in the country where he finds himself at present. But unhappily from now onwards that will be the only course possible for most of the remaining refugees. And there remains, too, the problem of the old, sick, or disabled who have to be cared for in any community, and not least in a community of refugees.

It was in an attempt to meet these difficulties that a three-point programme was put forward at the United Nations General Assembly in Paris last January. This programme proposed, first, the establishment of a Refugee Emergency Fund, designed particularly to take care of that group of people within the community of refugees who cannot fend for themselves. Point two was to continue to follow up the migration possibilities for refugees as far as that solution was still feasible. Point three was to urge the Governments in the countries of residence of the refugees to embark on long-term programmes for their integration. This last point in the programme is probably the most important: for migration, as has already been explained, can no longer be expected to provide an outlet for any considerable numbers; and immediate aid to refugees, though absolutely indispensable, is never a means of solving the problem of even one refugee—it is only keeping the man alive until a solution can be found for him.

INTEGRATION: THE EXAMPLES OF AUSTRIA AND WESTERN GERMANY

But the integration of refugees is in itself a very complicated matter, as the example of what has happened in Austria may serve

to illustrate. In Austria there are at the present time some 245,000 refugees within the mandate of the Office of the High Commissioner for Refugees, of whom roughly 225,000 are persons of German ethnic origin who have got stuck in Austria, the remainder being non-German, homeless foreigners. The Austrian Government so far has not been able to do much towards finding any solution for these refugees: though this may in part be due to wishful thinking engendered by perhaps over-optimistic statements of I.R.O. officials in the past, which gave Governments the impression that the International Refugee Organization would not cease functioning before it had really resettled all the refugees. In any case, the Government of Austria has so far done very little towards the integration of the refugees there. At the same time Austria is in a difficult situation from an economic point of view. The country has to import part of its foodstuffs, which must be paid for with hard currency; yet at the same time some of the land has been abandoned by the Austrian farmers because of difficulties of cultivation. Among the 50,000 refugees still in the camps in Austria there are some very good farmers, but they are farmers without land or cattle or equipment, who have been living on the assistance provided by the Austrian Government for the last five or six years in schools converted into so-called camps, or in barrack camps outside Vienna. An obvious solution for these refugee farmers might seem to be to settle them on the land available and thus at the same time make it possible for Austria both to reduce her imports of foodstuffs and also to spend less money on assistance to the refugees. But the Austrian Government hesitates to make the initial outlay involved in providing credits to the refugee farmers wherewith to rent a farm and to buy cattle, feeding stuffs, tools, and so on.

In this connection more progress has been made in Western Germany, where there are some 150,000 refugees within the mandate of the High Commissioner, including approximately 50,000 in camps. In Bonn the 'Expellee Bank' has been set up, endowed with D.M. 100 million from Counterpart Funds from which to grant credits to German expellees who fall outside the mandate of the United Nations High Commissioner. In addition to this the I.R.O. handed over to the Expellee Bank something like D.M. 1½ million in order to make possible the establishment of a so-called D.P. Branch of the Bank, which can grant to refugees of non-German origin (who come within the mandate of

the U.N. High Commissioner's Office) the same sort of credit facilities as are being given to the German refugees. These credits are being granted at a rate of D.M. 5,000 to 8,000 per case, so with D.M. 1½ million it will be possible to help at most only 300 cases. But when the possibility of obtaining credits became known among the non-German refugees in Germany, within the next eight weeks 3,600 applications for loans were handed in. This shows how big the gap still is between what is necessary and what can be done. As a result of conversations last spring between the U.N. High Commissioner and the German Chancellor, followed by discussions in the German Cabinet, it has now been decided in principle to put at the disposal of the D.P. Branch of the Expellee Bank a further D.M. 2 or 3 million, which will at least go some way towards meeting the requirements of the non-German refugees in Germany.

In Austria, on the other hand, apart from two or three pilot projects, nothing of this kind has so far been arranged, and at present no refugee there can obtain any credit for starting his life anew and making an effort to become integrated. In view of this unsatisfactory situation, the U.N. High Commissioner recently invited an expert, a young Belgian economist, to make a study of the problem on the spot. The Report presented on the basis of his investigations reached the conclusion that if only the money were available it should be possible, within a period of from seven to ten years, to solve the Austrian refugee problem altogether. The sums of money involved would, of course, be considerable, and as such a scheme might prove over-ambitious for a first effort, the Report has since been scaled down to an initial programme covering a period of from two to five years. This could form the basis for a larger integration programme, and the initial scheme could be carried out for a sum of perhaps $20 million, of which $10 million would have to be paid by Austrian and $10 million by international sources. With that sum from 20,000 to 22,000 refugee families could be settled in Austria within two years, which, reckoning five members to each family, would mean the settlement of about 100,000 to 110,000 refugees.

It is greatly to be hoped that some such solution may soon be adopted. For, difficult though the situation undoubtedly is for the Austrian Government, the problem of the refugees in Austria, as elsewhere, is not just a national problem for the Austrians alone. It is in fact of concern to everyone who is interested in the stability,

and even in the security, of Europe. Refugees who may have spent as much as seven years in a camp, with no outlook for the future, inevitably tend to become targets open to Communist or National Socialist propaganda. And in Austria at present both Herr Nagy, a former Hungarian Communist now spreading Communist propaganda there, and Herr Wagner, the leader of an extreme Right-wing party of nationalist socialist tendencies, exercise some influence among the refugees, who by now are beginning to feel that they have been let down by the Government which, they fear, is not going to do anything at all for them. For such reasons the ultimate fate of the refugees, not only in Austria but in all the other countries where they are, is something more than a national problem of the country concerned.

Similar situations exist, though to a lesser extent, in Greece and in Germany. The problem is to get the Governments to take the initiative, and at the same time to interest international agencies such as the World Bank, so that they may together work out a long-term programme calculated to meet the special difficulties of refugee resettlement in a particular country. It is of course true that the assimilation of human beings is much more than a purely economic problem. As long as a refugee feels that he does not really belong to a community, and until he begins to form friends and attachments and to play an active part in the life of his new country, he cannot be said to be integrated in the full sense of the term. That is, of course, not the concern of any international agency, or of the country of settlement alone, but of all the Governments of the United Nations. This point of view was stressed in the programme presented at the U.N. Assembly last January and in the resolution it approved which makes reference to the three points mentioned earlier in this article—to the threefold need that countries should give refugees a fair share in migration schemes, should contribute to the Refugee Emergency Fund, and should pay due attention to the refugee problem in drawing up long-term programmes for strengthening the economies of the countries of residence.

THE SPECIAL PROBLEMS OF TRIESTE AND SHANGHAI

No picture of refugee problems today would be complete without some reference to two areas which form perhaps the blackest spots in the whole picture: Trieste and Shanghai. Quite apart

the rest of Venezia Giulia into Zone A of Trieste, there still remain at present in the three camps of Trieste formerly under I.R.O. administration between 5,000 and 7,000 refugees of different nationalities, the largest groups being Yugoslavs and White Russians. General Winterton, the head of the Allied Military Government in Zone A of Trieste, is doing everything possible to alleviate the situation of the refugees, but their conditions are still extremely bad. It has even been found necessary to convert a former prison into a refugee camp, and the conditions there are such as to make it dangerous to house together both healthy refugees and the many who are suffering from tuberculosis. Tuberculosis has spread to such an extent in the Trieste camps that last year the World Health Organization was asked to send a medical expert to investigate the situation. His report showed that out of some 5,000 refugees who were X-rayed one in five was found to have tuberculosis in either active or inactive form. In this connection the Swiss Government has recently provided some tangible help by allocating 175,000 Swiss francs for the improvement of the refugees' situation in Trieste. The Swedish Government, too, lately presented a Bill to Parliament which, if passed, will authorize the Government to take into Sweden, with their families, all the refugee children under fifteen in Trieste who have tuberculosis. Those are two important measures towards improving the situation, which nevertheless remains a particularly difficult one and constitutes one of the first priorities on the list in utilizing the $3 million Refugee Emergency Fund which is now being collected.

The other priority is Shanghai, where there are still 5,000 refugees, including between 1,800 and 2,000 who are completely dependent upon care and maintenance from outside. Two hundred of them are suffering from tuberculosis, and another 200 are hospital cases for one reason or another. These refugees in Shanghai are not Chinese—those are mostly to be found in Hong Kong, and do not come under the mandate of the High Commissioner's Office. The two main groups of refugees in Shanghai are White Russians from after the first World War, and Jews, who number some 700; the remainder consists of small groups of refugees from the Baltic States and elsewhere. The I.R.O. was particularly anxious to settle this difficult problem of the Shanghai refugees before it ceased to function, but that proved impossible. Arrangements were therefore made for a continuance of the

I.R.O.'s work both through the Migration Committee, which concerned with resettlement operations, and through the Off of the U.N. High Commissioner as far as care and maintenar are concerned. A sum of $500,000 was allocated to the Migrati Committee for the resettlement of the Shanghai refugees up 1 July 1952, and a further allocation of $300,000 to the High Co missioner's Office should enable it to carry on care and mainte ance for another six months, up to the early part of next year. T Hong Kong authorities are willing to accept temporarily in t Hong Kong area those refugees from Shanghai who have end-visa which enables them to get a transit visa through Ho Kong. The provision of refugees with a visa in Shanghai is a ve cumbersome and time-consuming business, because the Hi Commissioner's Office has no establishment there. All that t Peking authorities permit is that three Chinese Nationalists a still allowed to distribute care and maintenance among t refugees in Shanghai, from money transferred from a Ho Kong to a Shanghai bank account. But no Selection Mission h access to Shanghai, and therefore the whole business of selecti the refugees and seeing whether they fit in with the resettleme scheme has to be done by exchange of letters, which may take long as from two to six months for each case. Neverthele refugees are still being resettled in Hong Kong at the rate of son 150 a month, and it is of great importance both to the Migrati Committee and to the High Commissioner's Office to find furth resettlement possibilities for these poor people. But inevitably considerable number of refugees still remained in Shanghai aft the beginning of July, when the Migration Committee's gra ceased.

This survey of the refugee situation will perhaps give some id of the tasks which still remain to be performed before a perma ent solution can be found for the refugees who are within t mandate of the High Commission. While the burden of care a maintenance of refugees can in general be borne by the Gover ments of the refugees' countries of residence, the long-ter problem of their economic integration in those countries remai unsolved. It is therefore towards the permanent solution of th amongst many other problems that international action is bei directed today by the Office of the United Nations High Con missioner.

G. J. v. H. G.

The Italian Economy: New Lamps for Old

BRITAIN definite new trends which have for some time been latent in Italy's post-war economy appear, to the observer returning this spring after some months' absence, to have crystallized and come to the fore. Among these, one of the most important concerns that mysterious commodity known as methane, or natural gas, which, though of small significance in Britain where deposits of it are practically non-existent, may well revolutionize the economy of a country like Italy.

FUEL AND POWER DEVELOPMENTS

The first hint that the layman had of the existence of natural gas in Italy was in 1936, when taxis began to appear in the Italian streets with a superimposed balloon giving the necessary motive power instead of petrol. These balloons were filled with methane gas which had been unobtrusively struck in the Po Valley and had found no outstanding use until Mussolini's Government began to take seriously the threat that the oil sanction might be applied. At that time, of course, the gas was extracted only in small quantities; it was not yet an economic proposition. But in the period before the war private initiative developed the distribution of it, especially to domestic users, in large steel containers, until the State-sponsored petroleum company took up the task of prospecting on an industrial scale. Under its auspices prospecting for both petroleum and gas developed greatly during and immediately after the war, and large deposits of gas were soon identified and tapped in a fairly wide district between Milan and Genoa where small quantities of oil had been extracted for several years at the rate of 20–25,000 tons a year.

So far no richer sources of oil in its most commonly known form have been found in Italy, but through the operation on a substantial scale of the gas deposits—which are rich at any rate by European if not by American standards—a revolutionary situation is being introduced into the Italian fuel and power outlook, in the same way that the initial development of hydro-electric power revolutionized the situation at the turn of the century. An additional source of energy is at last available to coal-less Italy. Moreover, this striking development has occurred just at a time

when Italian dependence on supplies of foreign fuel is becom increasingly apparent because imported coal now costs the Itali three times as much as the corresponding quality of fuel c their opposite numbers in the United Kingdom.[1]

The high cost of fuel has been a factor in slowing down Ital post-war economic recovery. True, it has served to stimulate development of hydro-electric power plants, which in 1 produced 29,000 million kilowatt-hours, or about twice as muc in 1938. But there is an economic limit to this development, w the available sites for erecting dams and power plants are longer so favourably situated and the cost of the works exceeds possibilities of normal amortization. Moreover a certain perc age of steam-generated power will always be needed in orde maintain industrial production and transport during the seaso periods of drought, and this has hitherto meant burning m imported coal.

The inauguration last May of a 500 million kilowatt-h power-plant burning natural gas was clearly a landmark Italian economic history. Moreover a pipeline for natural gas, s to be the largest in Europe, has been installed which will ultima supply the industries and domestic consumers of Turin w 123 million cubic feet of gas a day. If that estimate is corr this network alone should bring about a saving of some 2 mill tons of imported coal a year, with a resulting benefit to the Ital balance of payments of from £10 to £12 million a year[2]. Moreo that is merely the beginning, for the resources of natural gas h only just begun to be tapped, the foreseeable ceiling to t utilization being the building of appropriate pipelines—wel steel pipelines are needed for high pressure distribution to nor gas users and to industries which have hitherto operated on s or liquid fuel. It therefore appears that, provided sufficient cap and building materials are available, Italy may be able in a too distant future to cut down her imports of foreign coal by fo fifths and even to export natural gas to Switzerland and Fran At the same time the industrialization of Southern Italy will made easier, as gas could be piped along the peninsula in the sa

[1] British steam coal was quoted at the end of April at Lire 16,840 (ab £9 12s.) per metric ton. (Price list of the Milan Chamber of Commerce, 12 M 1952).

[2] It was announced on 16 July that the Fiat works are to be linked with pipeline within a month. This will allow thirteen sections of the Fiat work use half a million cubic metres of natural gas a day in place of 750 tons of c thus saving between 200,000 and 250,000 tons of coal a year.

way as Texan gas is distributed throughout the Atlantic states of the U.S.A.

A parallel development is discernible in the rapid growth of petroleum refining. Seven million tons of raw oil were refined in Italy in 1951, as compared with 3 million in 1938. Thus coal is being replaced to an increasing extent by liquid fuel at the lowest cost in foreign currency, and a new export trade to neighbouring countries is being created, while at the same time good opportunities are offered for foreign capital investments and for furthering improvements in petro-chemical techniques. In the latter field, however, gas, being the purest hydrocarbide in nature, remains the best basic material for the petro-chemical industry, and lends itself to much quicker developments than are possible in other Western European countries where natural gas is seldom available, and where chemical processing is based on more or less impure petroleum. Therefore, quite apart from the use of natural gas as fuel, the chemical industry will benefit from the ample supply of this raw material on tap. For the end of this year the completion is planned of a £6,500,000 petro-chemical plant near Ferrara, in the lower Po Valley, which will produce the ingredients for nitrogenous fertilizers. Plastics, artificial fibres, and synthetic rubber are processed from natural gas in the United States, and very large sums are invested there each year in the petro-chemical industry, which is likely to work wonders in the same way as coal-chemistry did during the first half of this century, only at a much quicker pace since the more forbidding features of coal production and transport are in this case absent.

Looking ahead into the decades to come, one can envisage Italy as an exporter of intermediate materials which will be as valuable as some primary commodities are at present. A further industrialization of the country will no longer be conditioned by a proportionate increase in the imports of expensive foreign coal or limited by a ceiling in the attainable development of water-power production.

To complete the picture of the fuel and power 'revolution', research work is steadily going on, and plans are expected soon to be made public, for the utilization of natural steam of volcanic origin. There are districts in Italy in which these resources are still to be tapped (near Naples and in the Lipari Archipelago, seat of the Stromboli volcano, off the north coast of Sicily), while steam jets have been captured and utilized for industrial purposes at

Larderello, in Tuscany, first for the extraction of boracic acid, and subsequently for electric power generation. This experiment, initiated over a century ago, has steadily increased in importance; it bears witness to the continuity of the 'endogenous forces' in contrast with the intermittent character of other volcanic phenomena, which have not yet revealed all their laws to scientific research. It is perhaps the success achieved in the development of natural gas that has this year emboldened Italian experts to assert confidently that enough electric power for the industrialization of Southern Italy could be obtained merely from the known accessible volcanic steam resources in that area. Occasional references in the daily press about the results of research on volcanic resources in the South do not find support in the Italian technical papers, which remain silent on the subject. On the other hand high Government officials seem to be very optimistic about the outlook. What is already certain is that in the zone of Larderello, completely outside the old deposits, a quite new and separate geological zone has been located in which fresh steam jets have already 'burst out'. These have proved to be of great power and, from the technical point of view, much more efficient than any of those so far utilized. The official report of the company operating in the zone announced in March that plans were already well advanced for the building of an additional power plant based on the newly-found steam jets.

Meanwhile the development of electric power in the traditional way has not been neglected. The five-year plan begun in 1948 envisages the completion this year and next of new plants to an aggregate capacity of 7,750 million kilowatt-hours, in addition to a similar total capacity distributed over several coal-burning, natural gas-burning, and steam-jet-operated plants. The extension of the national grid is contemplated through a north-south high tension line which will be connected by aerial cable across the Straits of Messina to the Sicilian network.

THE STEEL AND ENGINEERING INDUSTRIES

The Italian steel industry suffered such severe damage during the war that in 1946 it was able to turn out only one-fifth of the cast iron and less than half of the steel produced in 1938. The rebuilding of the industry was imperative, and it was necessary, moreover, to reconstruct it in such a way as to reduce Italian production costs as nearly as possible to the level of those of other European nations. At the same time Italian industries had to be

supplied with the deep-stamped sheet, tinplate, electrical sheet, and other products for which the Italian market is still largely dependent on foreign supplies. The completion of this programme will be achieved about the middle of next year, when the new full-cycle Cornigliano plant, with its cold and hot strip mills, will reach the stage of full production; by that time the re-equipment of the Falck and Fiat plants will also have been completed. The plans include a large concentration of plant, especially in the group of concerns under the 'Finsider' semi-State-controlled holding company. The ratio of scrap to pig iron used in steel processes will go down from 3:1, as it was previously, to 1·1:1; and the percentage of steel produced by the electric oven process will go up. At the end of 1951 pig iron production was 10 per cent higher than in 1939 and more than 3 million tons of steel were produced—an all-time record.

Italian steel prices have always been among the highest in the world, being in some cases 80 per cent dearer than prices for British-made steel. Substantially lower costs are now gradually maturing, and by the middle of 1953 Italian prices will be much nearer to the level of the international markets. This will improve the unfavourable position of the Italian shipyards, now largely dependent on Government subsidies; at the same time the engineering industries badly need lower steel prices in order to meet foreign competition in the best export markets—although there are, of course, other important causes for the high production costs in Italian industry which can only be hinted at in the course of this article.

At any rate, progress in the reconstruction of the Italian steel industry is sufficiently far-reaching to supplement the good news on fuel and power developments. The outlook is changing for some key industries which have for years past been bedevilled by redundant manpower which had to be kept in employment owing to political pressure from the Communist trade unions. Semi-idleness of both machinery and labour must be done away with if a serious drain on the resources both of industry and of the national economy is to be stopped. The long overdue reorganization of the engineering concerns, swollen to plethoric dimensions between the wars, was slowed down by the lack of orders, a consequence of high costs and prices. At the same time there was some understandable psychological foundation for the attitude of the workers, who, fearing unemployment when the factory

wheels stopped turning, came to rely more on the protection of a vocal trade union than on the nebulous hope of economic recovery.

Conditions prevailing in the engineering concerns prevented the 1951 production index from rising to the same extent as that of all but one of the other manufacturing industries, although the Korean crisis had propped up the international sellers' market. The short-term outlook may show little improvement, but the long-term outlook is bound to benefit greatly from the prospects of cheaper steel and more abundant fuel and power.

AGRICULTURE AND THE BACKWARD SOUTH

Healthier production means both greater production and less unemployment. At the same time fuller employment is bound to bring about increased consumption and so to prove a source of prosperity to the manufacturing industries. The revolution in the fuel and power situation, and re-equipment in steel, may therefore create the conditions for a happy spiral leading Italy a long way towards a higher standard of living and social equilibrium. This process, however, is likely to be slowed down by the present state of Italy's agriculture, on which roughly half her population depends. Agricultural methods are in themselves slow to evolve. On the other hand a quickening of the industrialization tempo brought about by the natural gas development and by the re-equipment of the basic industries is bound to make its influence felt on the agricultural outlook as well. Cheaper machinery, more electricity and fertilizers, better transport, and greater amenities should smooth the way towards improving the soil and enhancing farm returns, thus relieving population problems in the overcrowded rural districts of the South. Better economic conditions should also ease the problem of raising the educational level of the Southern peasantry, low enough today to explain in part the backward state of farming in the South and in the islands.

This long-term outlook forms the background for the Government's action in promoting agricultural and industrial development through a special ten-year programme and fund for aid to the Southern regions whose retarded condition has hitherto been one of the main factors in the disequilibrium of Italy's economy as a whole. Land reform, on the other hand, may not work in the same direction, as it tends to break up estates into holdings too small to make economical use of modern implements, handing over these inadequate plots to peasants who are for the most part

rate and familiar only with elementary methods of growing poorest crops.[1] At the same time it may be contended that the reform does not aim directly, or at any rate solely and ediately, at the improvement of agricultural production, but ther a political and social measure intended to strengthen the ciple of private ownership against Communist propaganda. It o one of the channels by which public money can be invested e land, thus creating a long-term interest in some of the most ected Italian economic resources.

ate intervention, with all its well-known shortcomings, could possibly be avoided in present circumstances. The Govern- t is indeed the depository of the E.R.P. Counterpart Funds h have played such an important part in financing the hern Fund and in re-equipping Italian industry. When the of controversy has settled, land reform may prove to have ributed something to the levelling out of the otherwise grow- disequilibrium between industrial and agricultural develop- t.

uch of the success of these plans will of course depend on the lity of Italian Governments, on the efficiency of their bureau- , and on the general state of the country's finances. These are large extent intertwined problems, all connected with the omic conditions in Southern Italy and the islands, and all of brought into focus by the results of the recent administrative ions. Those regions have been a serious commitment to the n as a whole, especially since the early 'twenties, when large- emigration to the United States was stopped. Then capital ns from the emigrants, chiefly in the shape of remittances to relatives, gradually dwindled to a trickle, and internal ation remained the main outlet for surplus Southern popula- thus swelling unemployment in the relatively more fortunate h. The Civil Service was also one of the main goals for hern University graduates, while the less educated sought kind of employment in every Department, from Police to om and Excise services and in tax-collection duties. The lution of the Fascist Militia and the reduction of the armed s aggravated the unsettled social conditions in the South e post-war period, and political pressure was brought to bear

[1] hough the technical aid provided by the land reform organizations should ich towards educating the peasants. See 'Land Reform in Italy' and 'Pro- in Italian Land Reform', in *The World Today*, September 1950 and h 1952.

for a further increase in the numbers of an already cumbrous bureaucracy, with a resulting higher expenditure and lower degree of efficiency in the State machinery.

TAXATION REFORM

Tax evasion has often been interpreted as a symptom of this lack of efficiency, though it has its deep roots in past Italian history. Foreign domination and local despotism have prevented the individual sense of public duty from taking shape, and tax-evasion in modern Italy has assumed the dimensions and popularity of a national sport. At the same time the tax-collector's reaction to this attitude took vexatious forms and made tax-evasion appear an almost legitimate and unavoidable necessity of self-defence.

Against this background the Italian Finance Minister, Signor Vanoni, began what is probably the most fundamental of the reforms undertaken by the present Government. His far-reaching scheme was fraught with obstacles, both psychological and purely administrative, the only advantage over most other planned reforms being that it could be operated within Signor Vanoni's own self-contained Department, the Ministry of Finance. A fair deal for the large body of income-tax payers is the obvious aim, of an importance both social and moral; but this reform, if it is successful, may allow of a reduction in indirect taxation where it hurts most—and the turnover tax has for a long time been the target of criticism both from economists and from practical business men as one of the Government's financial devices most injurious to Italian exports on account of its impact on production costs and prices.

There was therefore something to be said for giving tax-reform priority over the equally long-needed reform of the Civil Service. There is perhaps an unconscious and certainly unexpressed feeling abroad in Italy that more fitting holes will be available for the innumerable square pegs of the South when Italian industrialization progresses and when (or if?) large-scale emigration is once again possible. But some kind of reform is needed, and sooner rather than later, to prevent the danger that, as a recent leading article put it, 'the old wound (i.e. the swollen bureaucracy), become gangrenous, might lead to the overthrow of the fragile new-born Republican democracy.'[1]

[1] 24 Ore, 5 May 1952.

STATE MONOPOLY VERSUS PRIVATE ENTERPRISE

There is no doubt that under the present Government the State is striving for greater authority in the economic life of the country. When the Government decided to introduce import liberalization on financial grounds, with a view to reducing Italy's large trade surplus with E.P.U. countries, it met with stubborn opposition from the industries clamouring for protection. This free-trade attitude, however, inspired mainly by short-term considerations, contrasts with the monopolistic trends which have asserted themselves in the industrial field, for example in entrusting a State-controlled concern with prospecting for and operating the natural gas resources in the deposits of the Po Valley. That decision has been strongly opposed by the private industries concerned, especially by the electricity companies which see in natural gas the main hope of power development now that the appropriate sites for new water-power plant are becoming fewer.

This monopolistic plan for the development of natural gas resources is also meeting with strong criticism from those economists who believe in the greater efficiency of private initiative in industrial concerns, and who also maintain that private initiative offers the most suitable channels for attracting much-needed foreign capital into permanent Italian investment. On the other hand Government experts object that the development of natural gas has only been made possible as a result of Government expenditure and State-sponsored efforts and that it would be unfair now to give away the fruit of these labours to private companies—whether Italian or foreign—which would in any case tend to combine into a monopoly of their own based on private interests alone. They add that no great amount of capital from outside the industry would in any case be needed as a 'self-financing' system could be adopted instead—which implies passing the gas on to the consumers at a price much higher than cost plus normal profits, thus allowing quicker amortization of the highly expensive plants. To this the supporters of private enterprise retort that such a procedure is apt to slow down development and to postpone indefinitely the benefit of cheap fuel and power supply which could bring health to the industries and to the national economy as a whole.

Italian State Monopolies have in the past met with mixed success, varying from remarkable achievements in railway operation and development to utter failure in coal trading or in managing

large engineering concerns. In the same way, while private initiative has been highly successful in some spheres—textile and water power concerns are conspicuous examples—bankruptcy often plagued the steel and other heavy industries.

One way or another, new lamps for old are needed. Production needs to be raised through industrial re-equipment and up-to-date farming methods in order to reduce the adverse balance of payments and to acquire some degree of security against any possible worsening of the terms of trade, which was responsible last year for a 100 per cent increase in the trade deficit, since Italy, like Britain, is predominantly an importer of raw materials, and as such is sensitive to any rise in the international prices of primary commodities.

Generous American aid has helped Italian economy out of the trough of war destruction. Now oil has been struck—in its gaseous form—and this portent should leave its imprint on the Italian economy for the next half-century.

A. C.

The World Federation of Trade Unions and its Trade Departments

AMONG Communist 'front' organizations the World Federation of Trade Unions is probably one of the most important. With its claimed membership of over seventy million, it is the international organization used by the Communists to further their policy in the industrial field. Marxist-Leninist theory has always assigned the dominant role in the social revolution to the industrial workers. For this reason, the W.F.T.U. is considered by the Communists as a key instrument in mobilizing the workers in non-Communist countries to serve Soviet foreign policy, which is of course identical in their eyes with furthering the cause of world revolution.

The tasks of the W.F.T.U. include propaganda, the winning of more and more workers to the Communist cause, the stirring up of

strial unrest in countries potentially hostile to the U.S.S.R., in certain cases, industrial sabotage. Since it fell completely r Communist domination in 1949 the organization of the .T.U. has been progressively built up to fulfil these tasks. One e structural devices employed is the creation of a number of lled Trade Departments or Trade Union Internationals, each ing for a particular industry or group of industries. At the ent time the W.F.T.U. has twelve Trade Departments in ation: metal and engineering workers; miners; chemical ers; land and air transport workers; seamen and dockers; ling workers; textile and garment workers; shoe and leather ers; postal and communication workers; food workers; agri- ral workers; and educational workers. There also exists the national Organization of Journalists which, though not ally a Trade Department of the W.F.T.U., may be considered ll practical purposes as such.

HISTORICAL BACKGROUND

nce the beginning of this century there has existed parallel the trade union international itself—the centre to which the nal trade union federations are affiliated—a number of other national trade union organizations of a special kind. These are nternational Trade Secretariats, which unite individual unions e same class of workers in different countries. Thus, for ple, there is an International Trade Secretariat for miners, her for metal workers, another for textile workers, and so on. t twenty of them now exist, ranging in size from the Inter- nal Transport Workers' Federation with nearly six million bers to the diamond workers with about twenty thousand. ntil the outbreak of the second World War the International le Secretariats played no very conspicuous role in the inter- nal labour movement. One of their main functions was t as clearing houses for exchange of information on ques- peculiar to the trade with which they were concerned (wages, ing conditions, labour legislation, and so on). From time to international action was taken by the I.T.S. in industrial dis- s by, for example, discouraging movement of workers from ountry to another at times of strikes or industrial depression. ith the outbreak of war some of the International Trade etariats lapsed into inactivity. An exception was the Inter- nal Transport Workers' Federation, which emerged from the

war with greatly increased prestige and as the only international trade union organization which was still a going concern.

This was the position in 1945 when the formation of the new World Federation of Trade Unions was discussed. In this new organization the major national trade union centres, including the Russian and with the single exception of the American Federation of Labour, came together for the first time. One of the problems with which the founders of the W.F.T.U. tried to deal was that of the International Trade Secretariats. In the general atmosphere of allied goodwill which prevailed immediately after the war it was thought that the new trade union organization should be all-embracing and should have some form of control over the action of the International Trade Secretariats, which were, as has already been explained, for the most part still inactive.

Consequently the Constitution of the W.F.T.U., Article 13, Paragraph I, reads:

> The General Council shall establish Trade Departments within the World Federation of Trade Unions for such trades or industries as it may determine. It shall be the function of the Trade Departments to deal with technical matters concerning their trades. In this sphere they shall enjoy full automony within the World Federation of Trade Unions but they shall have no power to make decisions or carry on activities in connection with matters of general policy, jurisdiction over such matters being confined to the Congress, General Council, Executive Committee, and the Executive Bureau. The Trade Departments shall be finally accountable to the General Council and the Executive Committee for their activities.

The Executive bodies of the W.F.T.U. were instructed to open negotiations with the representatives of the International Trade Secretariats with a view to putting this article of the Constitution into practice.

DISSENSIONS INSIDE THE W.F.T.U.

As the glow of allied unity faded, the division inside the W.F.T.U. between Communist and non-Communist trade union organizations became gradually more and more marked. The main issues in which this division was most deeply seen were, first, the question of Germany, and, later, the Marshall Plan, which was one of the main reasons for the ultimate split; but that which lasted the longest and caused the most discussion within the W.F.T.U. was this question of relations with the International Trade Secretariats.

It is worth looking a moment at the issues involved. The

W.F.T.U. is a federation of national trade union centres, that is, of national federations of unions, so that the International has no direct link with the individual unions in any particular country but can only work organizationally through the national federation. The International Trade Secretariats, on the other hand, have direct links with the individual unions. Thus they are much less distant organizationally from the workers themselves than is the International. The Communists with their close attention to questions of organization realized this. If the Trade Secretariats had been incorporated into the W.F.T.U. in the way outlined in Article 13 of its Constitution, the W.F.T.U. with its Communist majority would have had very close organizational links with unions in countries where the labour movement is not Communist-dominated.

Meanwhile many of the International Trade Secretariats had been reconstituted and had taken up activity again. Negotiations went on for some time with the W.F.T.U. about the incorporation of the I.T.S. into its structure, but as the conflict within the W.F.T.U. became clear and Communist domination more obvious, I.T.S. resistance to the proposal increased. In this resistance the lead was taken by the International Transport Workers' Federation. By the time the non-Communist unions walked out of the W.F.T.U. early in 1949, most of the International Trade Secretariats had decided not to take part in any further negotiations. Following the split, the I.T.S. played a major part in the formation of the International Confederation of Free Trade Unions.

Thwarted in their plan to incorporate the I.T.S. into the W.F.T.U., the Communist leaders immediately after the split proceeded to set up the so-called Trades Union Internationals, or Trade Departments of the W.F.T.U., to rival the International Trade Secretariats.

AIMS AND METHODS

The ostensible aims of the Trade Departments have been set out in a number of public statements by leaders of the organization. For example, at the Second World Congress of the W.F.T.U. in Milan in July 1949, B. Gebert, Assistant General Secretary of the W.F.T.U., said: 'The aim of the Trade Departments is to unite in their ranks not only trade unions whose national centres are affiliated to the W.F.T.U., but national as well as local trade union

organizations, regardless of the affiliation of their national ... Conditions are created for extending and broadening u solidarity between trade unions of a given industry in all tl tries of the world. ... Yes—the unity of workers from th to the international level is the aim and objective of th Departments.'

In other words, the Trade Departments are meant to f organizational structure by which Communist influence extended throughout a given industry in all countries. In this means that the W.F.T.U. through its Trade Dep seeks to make contact with and operate through not only trade unions but local ones and even groups which have n organizational structure. Thus it is known, for example, Trade Departments have contact with shop stewards' con in particular factories, in spite of the fact that these con have no independent organization and that the union of wh *form a part is not affiliated directly or indirectly with the W*

As in almost all Communist organizations, one must dis between the declared and the real aims. Thus, one must t many of the terms which the Communists employ in orde cover their real policy and to analyse the methods by wh seek to put it into operation.

In examining the programmes of the Trade Departm discovers that first emphasis is given to purely economic d but that these demands are always linked in one way or with the key lines of Soviet foreign policy such as the Pea paign, the attack on Anglo-American warmongers, and A typical recent example of this may be seen in the de adopted at the Conference of the European Section of th Workers Trade Department in Vienna in February 195 takes the form of an action programme consisting of eight

1. Higher wages immediately, through increased purchasing maintenance of purchasing power through application of th wage scale or other suitable means; fixing of a guaranteed n wage; and implementation of the principle 'equal pay f work.'
2. No intensification of work and no lengthening of workin because these lead to greater unemployment, lower real wag accidents, and a higher sickness rate.
3. Systematic reduction of working hours to the 40-hour week wage-cutting; and a fight against all dismissals.
4. Unemployment benefits to amount to at least three-quarters

paid; in all cases of short hours being worked, the workers to demand payment of their full wages.

5. Introduction of a comprehensive non-contributory social security system in every country to give workers medical treatment and to safeguard them against incapacity; old-age pensions at 60, and for women at 55; and earlier pensions in specially hard or unhealthy occupations.
6. Three weeks' paid holidays for all, and additional holidays for young workers, women, and workers in specially heavy and unhealthy occupations; paid public holidays.
7. Introduction of suitable hygienic and protective measures to prevent accidents and occupational diseases.
8. Special attention to be paid to youth's demand for full employment, apprenticeships, equal pay for equal work, the right to recreation, etc.

These points are followed by the statement that the united struggle for these demands cannot be divorced from the struggle for peace, against the remilitarization of Western Germany and the retooling of factories for war production, for disarmament, the outlawing of the atomic bomb, the cessation of hostilities in Korea, support of the national liberation campaign in colonies and dependent countries, and the conclusion of a five-power peace pact.

To achieve these aims the establishment of broadly based factory peace councils is essential. Workers in the metallurgical industries must work for the restoration of international trade union unity for the enforcement of their common aims by means of: direct contact through correspondence and exchange of trade union publications between factories and workers in different countries; exchange of workers' delegations from factories in capitalist countries; and exchange of workers' delegations from capitalist countries, on the one hand, and the Soviet Union and people's democracies on the other. The expansion of East-West trade would be capable of improving the living standards of the masses and would serve the cause of peace and international friendship. Factory workers and their trade union organizations must call for higher peace production from their employers in order to intensify trade relations with all countries.

It is obvious that the economic demands in such a programme will find ready acceptance among workers who are not necessarily in sympathy with Communism. We have seen in a number of countries how the Communists can exploit economic grievances to cause 'unofficial' strikes, slow down production, and sow disaffection between union members and their leaders.

STRUCTURE AND ORGANIZATION

Although the organizational set-up of the Trade Departments may differ in some details, the general pattern is constant. The

Trade Departments are established at constituent con
called by the W.F.T.U. and attended by delegates from th
concerned. At these conferences an administrative comn
from nine to twelve members is elected and a General S
appointed. An attempt was made at first to put the headqu
these organizations outside the Iron Curtain, but as a r
measures by democratic Governments they have now most
moved further East.

The bulk of the membership consists of unions fr
U.S.S.R. and its European satellites, including Eastern G
and from China, France, and Italy. Only a very few small
from other countries are affiliated to the Departments. H
strenuous efforts are made to contact small groups an
individual workers in the democratic countries. Certai
unionists from the West known for their sympathies ar
prominent positions out of proportion to their union fo
at home—for example, Ernest Thornton, the Australian
worker.

There is every reason to believe that the visible organiz
paralleled by an invisible organization which in fact det
policy. It is, of course, common knowledge that Con
parties throughout the world have both a legal and ar
apparatus.

It is doubtful whether there is complete separation betw
'front' and the 'back-room' in the case of the Trade Depar
It is noticeable that about the same time as the highly pu
meetings of the Trade Departments are taking place ther
other unpublicized meetings of key leaders where it i
assumed that policy and tactics are laid down.

It is also known that some of the Trade Departments n
an elaborate network of couriers. There are, too, indicatio
the Trade Departments are used to recruit workers from V
countries for 'training courses' in Eastern Europe. For exar
the autumn of 1951 an Austrian Government spokesman r
that the W.F.T.U. had set up in the Soviet zone a sch
sabotage, and that the first course was being attended by m
of postal, telegraph, and telephone workers' unions in
Italy, Belgium, and the Netherlands.

Obviously not all the Trade Departments are equally ef
The most important and the most active so far have bee
dealing with transport and the metal industries. This woul

to be a result of the U.S.S.R.'s over-riding interest in hindering Western defence preparations.

SEAMEN AND DOCKERS

Even before the W.F.T.U. Trade Departments were formed, Communist-controlled seamen's and dockers' unions in Western Europe were being used by Moscow to further its foreign policy. Thus, from the beginning of the Marshall Plan the dockers' unions in the E.R.P. countries received instructions to delay or prevent the unloading of American aid shipments to Europe. Similarly, dockers and seamen in France attempted to prevent the loading and transport of military supplies for the French forces in Indo-China.

The Seamen's and Dockers' Trade Department has been more open in its aims than any of the others. Its activities have also been on the front pages of the world's newspapers very often in the past few years. Not all of these strikes have been Communist-inspired, but no opportunity has been lost of exploiting the workers' real or fancied grievances to further Communist policy. Perhaps the most spectacular effort was the Canadian seamen's strike of 1949, which began before the Trade Department was officially constituted, but which is claimed by the W.F.T.U. as one of the major victories.

Of course, the organization has its economic demands too as a camouflage for its real aims. It is interesting to note that its programme for seamen includes the demand that hiring halls be controlled by the Union, and that for the dockers claims 'a decisive voice by the unions in the hiring of labour through control of hiring halls and pick-up places by the unions'. These points are particularly significant in countries such as France and Italy where labour legislation does make such provision. The result is that the Communist-controlled unions which include the majority of workers in those countries are protected by law and can exercise a monopoly on the docks and on board ship. Non-Communist unions have been greatly hampered in their campaign to destroy Communist power among the dockers by this legislation originally designed in the workers' interests.

A manifesto addressed to seamen, dockers, and port workers by the Trade Department includes the following passages:

> Form Peace Committee on ships and in the ports! Remember that it is within the power of the peoples to prevent mass destruction, poverty, hunger, and slaughter of the people anywhere.

The seamen and dockers of all countries are traditional figh
peace. Unite with the broad masses of the defenders of peace
basis of the decisions of the Second World Congress! Demand
to the imperialists' war of aggression in Korea and the other cou
South-East Asia and secure the banning of all weapons of mass d
tion, the prohibition of all war propaganda, and the reduction o
ments and armed forces of all nations....

The united action of all workers will destroy the plans of t
mongers and assure an era of peace, security, and freedom
workers of the world.

One interesting feature of this organization's activity a
close link it has with Soviet policy is to be seen in the fact tha
are a number of ships registered in Panama or Greece to com
which are covers for Soviet Government agencies; the cr
these ships are recruited by this Trade Department an
members are always active Communist propagandists.
quantities of Soviet propaganda leaflets and pamphlets a
behind in every port where these ships call.

METAL AND ENGINEERING INDUSTRIES

From the very beginning the Trade Department for the
lurgical and engineering industries has attempted to make
with union members in countries where Communist influ
weak. To a certain extent it has had some success in this, b
the organization of engineering workers in a number of co
differs from that of other trades because of the role that th
stewards play in union life.

Much work in this trade is done on a piece-work basis, a
shop steward in a factory or workshop is constantly called u
take action in matters affecting the fixing of piece rates and
questions that can be settled at a factory level. These shop st
are in constant daily contact with the workers, and Com
activity in the engineering unions has always been designed
their own men elected to these positions. It will therefore be
that the propaganda of the Metal Workers Trade Departme
stantly appeals to shop stewards and workers at the factor
The programme adopted at the recent Vienna meeting, a
mentioned, is also designed for consumption in such circle
stress on speed-up is obviously meant to appeal to work
piece rates and is finding a ready echo among men who a
picious by tradition of the productivity campaigns being spo
in official circles.

In the summer and autumn of 1950 this Trade Department ran extremely widely publicized campaign against the Schuman an. Representatives of the French and German metal workers et in Paris and an attempt was made to organize a big demon-ation on 15 November. This demonstration, in which the miners ere also to join, had only a very limited success. This failure did t of course prevent the Communist propaganda organization om proclaiming another great victory for peace.

At the meeting of the Executive Bureau of the W.F.T.U. in icarest in December 1950 the activity of the Trade Unions ternational of Metal and Engineering Industries was discussed d instructions given for further action:

The Executive Bureau endorses the activity of the Trade Unions ternational aimed at organizing an international fight against the human Plan for aggression, the purpose of which is to concentrate der the control of the American imperialists the coal, metal, and gineering industries of France, Western Germany, and other West ropean countries, and to subordinate the economies of these countries the war plans of American imperialism. . . .

The Executive Bureau recommends that the Trade Unions Inter-tional of Metal and Engineering Industries:

Take all steps necessary to widen existing contact, and to make further contact, with metal workers' trade unions not affiliated to the W.F.T.U., particularly those in the United States, Great Britain, Western Germany, Japan, Scandinavia, and in colonial and depen-dent countries, and to organize, in conjunction with these unions, joint support of the workers' claims for better wages, social security, and other problems in the settlement of which metal and engineering workers in these countries are interested.

Give more effective aid and backing to workers fighting to improve their conditions.

Link its activity with the workers' present demands, bearing in mind that one of the basic demands of workers in metal and engineering industries in capitalist countries is the prevention of speed-ups and descending wage-rates for increased output.

In taking part in the world-wide movement which will defeat the rmongers' plans, metal and engineering workers must oppose the iversion of factories to war production and fight for employment on ice production.

The Executive Bureau considers that the Metal Workers' and Miners' ade Unions Internationals should continue and widen the fight against : Schuman Plan. . . .

IMPORTANCE OF THE TRADE DEPARTMENTS

As far as the Western countries are concerned, the importance the Trade Departments as instruments of Communist policy

does not lie so much in their size. What is significant is that these organizations form an ideal 'transmission belt' for the Communists to put their policies into practice in the industrial field.

As in all Communist organizations the important people are the 'cadres'. The great mass of members in unions in the West are indifferent or hostile to Communist ideology, even in unions under Communist control. But the Communist 'militants' or 'activists' exert an influence out of all proportion to their numbers. These are the shock troops whose activities in the international Communist movement are now directed and controlled by the W.F.T.U.'s Trade Departments. These are the men who are being used to cause industrial unrest, disrupt production, and sabotage the industries of the Western Powers.

R. F.

The United States, Japan, and the Ryukyu Islands

THREE momentous decisions have been taken by the Americans in the past hundred years concerning the Ryukyus, that chain of islands which stretches from the south coast of Japan to the north coast of Formosa. The first occasion arose at the time of Commodore Perry's expedition in 1853. The large whaling fleets sailing from San Francisco and U.S. merchantmen trading with China often passed along the shores of Japan, but the inhabitants had been forbidden by the Imperial Government to have any dealings with the outside world, and except at one Dutch treaty port mariners in distress received none of the facilities normally granted in the West to foreign ships. The U.S. Government, under popular pressure, had therefore appointed Commodore Perry to lead an expedition including two steam warships to Japan and to extract treaty rights for U.S. ships in all Japanese waters. He chose Okinawa, the principal island in the Ryukyus, as his base for the voyage to Tokyo Bay. This island was not then ruled by the Japanese, but by a Regent who strove to please both the

nese and the Chinese Emperors, and the people of the
yus, then called the Luchu Islands,[1] spoke a dialect which
y's interpreters did not understand. Perry, who had the vision
: how advantageous it would be to annex Okinawa, found that
olitical superiors at home were nervous of being charged with
rialism, and he had to be content with a show of force which
im the reluctant aid of the Luchuans in equipping the port
aha as a base. After his success in opening up Japan for the
, the results of which exceeded all expectation, the Japanese
not slow to grasp the importance of islands to a sea empire
e new era, and twenty years later they carried off the native
of Okinawa and made him a pensioner in Tokyo. From then
1945 Okinawa was ruled by a Japanese Governor.[2]
ie second decision came in 1945, when General MacArthur's
s, after the most costly fighting of the Pacific War, captured
awa and rapidly converted it into the main base for the final
ilt on Japan, an assault that in the event it was never necessary
ake. Since then the Ryukyus south of the 29th parallel have
administered by the U.S. Commander-in-Chief in Tokyo,
thus rules over more than a hundred islands, including the
mi group, and not merely the fifty-five islands of the old
iese prefecture of Okinawa. When the San Francisco Treaty
signed last autumn some insignificant islands between the
and 30th parallels were returned to the Japanese, but nearly
llion Ryukyuan islanders, roughly half of whom live in
awa, remain under the rule of S.C.A.P.
the retention of control over the Ryukyus was the Americans'
id important decision concerning the islands in the past
iry, the third was the order to build a huge air base on
awa. Already bombers flying from the island have been able
'e valuable help to the United Nations forces in Korea. Their
is only about 900 miles from the Yalu and 440 miles from
ghai. Tokyo in one direction and Hong Kong in the other can
ached in four to five hours by regular airline. At the base the
are usually free of fog and the winters are warm. Okinawa is
a healthy place, thanks to the typical American energy with
ı DDT, vaccination, and rat control have been used. The
:r of typhoons, which is considerable, has been minimized

[1] ie Japanese reading of the Chinese characters representing the Luchu
s is Ryukyu.

[2] r further pre-war background information see 'Okinawa and the Luchu
elago', in *The World Today*, August 1947.

by modern methods of prediction, and typhoons strike on an average only once or twice a year. Okinawa is in fact the Gibraltar of the East. Representative Judd, a Republican member of the U.S. House of Representatives Foreign Affairs Committee, was reported in January 1952 as saying that the U.S. military authorities wanted to hold on to Okinawa as an insurance in case the bases in Japan were lost. Mr John Foster Dulles, the architect of the San Francisco Treaty, writing in the London *Observer* in April 1952, included the Ryukyus in the 'strategic island chain' on which U.S. policy is now based.

IMPORTANCE OF THE LOST TERRITORIES TO JAPAN

This island chain begins at its southernmost end in the Philippines, recently granted their independence by the U.S.A., and extends through Formosa and the Ryukyus to the Aleutians and the busy Alaskan airport of Anchorage. Flying along this route, civil airline passengers from New York can reach Okinawa in three days. From the strategic point of view, however, there are missing links in the chain. Running north from the home islands of Japan is a line of volcanic islands called the Kuriles (or 'Smoky Isles'), about thirty in number, which stretch along the coast of Soviet Asia across the mouth of the great south-facing bay called the Sea of Okhotsk to the southern tip of the peninsula of Kamchatka. On the west side of the Sea of Okhotsk is the island of Sakhalin, 600 miles long but only 15 to 100 miles wide, and joined to the Soviet mainland by an ice bridge in winter. Before 1945 the Kuriles and the southern part of Sakhalin belonged to Japan and the northern part of Sakhalin to the U.S.S.R. Now the whole of Sakhalin and the Kuriles are in Soviet hands.

Apart from strategic considerations, Sakhalin and the Kuriles, in spite of their cold, damp, and forbidding climate, have been, and still are, of far greater economic importance to the Japanese than the Ryukyus. Their coasts and the adjoining seas teem with herring, salmon, and sturgeon. In the north of Sakhalin there are valuable coalmines and an oilfield which before the war was worked by the Japanese under licence from the Russians. Since 1945 the Japanese have revived their fisheries so rapidly that in 1950 they caught nearly 3,200,000 metric tons, though this figure includes fish from tropical as well as northern waters.

In fishing near Sakhalin and the Kuriles the Japanese have met with suspicion and hostility from the Russians. The Kuriles are

t the scene of much Soviet naval activity, and a typical report
the Japanese Kyodo Agency in June 1952 ran as follows:
l detonations have been felt at Nosappu Point, Hokkaido,
t twelve miles from the southern tip of Kunashiri Island,
e Russian warships practise on target vessels of about 150
Soviet warships are on constant patrol in the area, and two
nchored off Kunashiri. At night searchlights scour the sea
ky of Nemuro Strait and sometimes pick out four-engined
t bombers. As a result, Hokkaido fishermen are not leaving
Their fears are understandable. Since the San Francisco
y came into force on 28 April 1952, fifteen Japanese fishing
have been detained by the Russians, and by the middle of
only four had been released. The released crews said that
had been asked at pistol point to give information about U.S.
d forces and the Japanese police reserve. Radio Free Japan,
v station broadcasting Communist propaganda from the
land against the Japanese and U.S. Governments, has
ed the Japanese fishing fleet of being 'the scouting fleet of
I.S. Navy', and has blamed the Americans for refusing to let
ipanese fish in Canadian and U.S. waters further east and so
ng' the Japanese to fish close to Russian waters.
these circumstances the status of the Ryukyus, and of the
es and Sakhalin, is a matter that at any moment may become
f urgent importance. Many Japanese hold that in inter-
ial law sovereignty over all these islands is theirs. The
iese Prime Minister himself, speaking of the future of the
yus, told the Diet—according to a summary of his views in
Iew York Times, 6 July 1952—that he expected the islands
held by the U.S.A. as a victor Power while present military
rements continued to exist, but to be handed back to Japan
either by the U.S.A. directly, or by a mandate action of
nited Nations. The Right-wing Socialist Party was reported
June 1952 to be contemplating joint action with all the non-
nunist opposition parties in favour of claiming the restora-
f the Kuriles and opposing the creation of a United Nations
eship for the U.S.A. in the Ryukyus. The spectacle of
ists seeking power by an appeal to nationalist sentiment is
tunately a familiar and alarming one in Western Germany.
pan it is even more alarming. Wounded Japanese pride
l welcome the return of even a small part of the vast overseas
e lost in 1945.

How large Japanese losses then were is now sometimes forgotten. Before the war Japan held, in addition to her present territory, Manchuria, Korea, Formosa, the Ryukyus, South Sakhalin, the Kuriles, and a good many other Pacific islands—a total area of about 770,000 square miles. Now she has only 146,690 square miles—slightly less than the combined area of Norway and Denmark. Packed into this space is a population of 84 million which, even if the rate of increase continues to slow down, will grow by over a million a year. In other words, Japanese-held territory is now less than one-fifth of its pre-war size but has to maintain one half of the total pre-war population. Three-quarters of the land is uncultivable, and the rest, though intensively cultivated, is only moderately fertile, and is seriously lacking in mineral deposits.

RYUKYU VIEWS ON REUNION WITH JAPAN

Opinion in the Ryukyus on reunion with Japan was summed up as follows in June 1951 for the Kyodo Agency by a Japanese correspondent of moderate views: 'Okinawans are not certain that Japan could support the Ryukyus should they be returned. No less than 10 per cent of American aid for Japan is earmarked for Okinawa, and this aid might be lost if the island were returned. The existence of American bases has become an important factor in island economy, to which they are making a contribution valued at $1 million a month. For these reasons many of the middle-aged intelligentsia are against complete reunion with Japan, and all local papers gave prominence to a statement attributed to Mr Dulles that the return of Okinawa to Japan would not interfere with the maintenance of local American bases. Hidehara Higa, chairman of the local Provisional Government, is opposed to returning the island to Japan, as it would aggravate the economic situation. Okinawa would require outside help at the rate of 25 million yen per annum. In anticipation of the suspension of U.S. Government assistance for recovery in occupied areas (GARIOA), he said that his Government was planning to encourage foreign capital investment. Higa felt that there should be a referendum on return to Japan, rather than the present campaign to collect signatures for a petition, which, he predicted, would not obtain a 70 per cent majority for return.' The Japanese correspondent added that the local Social Mass Party (Shakai Taishuto), the largest group in the Okinawan Assembly, where it then

pied 15 out of the 20 seats, was in favour of return, and was orted by the single representative of the Left-wing group m as the People's Party. The Republican Party (Kyowa To), h had 3 seats, desired independent status for Okinawa, while Socialist Party (Shakai To), with one member, favoured ed Nations trusteeship.

February 1952 the Ryukyuans elected the first autonomous al Legislature in the history of the Ryukyuan Islands. pendents and liberal parties in the various islands gained ut of 31 seats. The Socialist Party won 10 seats and the le's Party one seat. In April, when the San Francisco Treaty into force, this Legislature sent up a petition to President nan, S.C.A.P., and Premier Yoshida for an early return of the yus to Japan. The petition stated that the islands were nized by Article III of the Treaty to be part of Japan, and he Okinawans, though entirely willing to co-operate with the A. in the cause of peace, wished to be reunited with Japan as as possible. The present situation was said to be a source of pain' to the islanders.

is view of the question of sovereignty is not, however, borne y the actual words of the Treaty, Article III of which reads lows:

will concur in any proposal of the United States to the United ns to place under its trusteeship system, with the United States as le administering authority, the Nansei Shoto south of 29 degrees latitude (including the Ryukyu Islands and the Daito Islands), o Shoto south of Sofu Gan (including the Bonin Islands, Rosario l, and the Volcano Islands), and Parece Vela and Marcus Island. ng the making of such a proposal and affirmative action thereon, nited States will have the right to exercise all and any powers of istration, legislation, and jurisdiction over the territory and itants of these islands including their territorial waters.

om this it is clear that the petition ignores the real intention of reaty, which contemplates United Nations trusteeship under administration as the ultimate goal. Instead, the petition advantage of those words which seem to imply that ultimate eignty still lies with Japan.

hind this petition lies the kind of discontent always felt by a le living close to a large body of foreign troops mainly ged on garrison duties, and also the economic distress of those ies bereaved in the war, but not benefiting from the pro- made by the Japanese Government for similar families in

its care. On behalf of these families a society has been formed in Okinawa, whose leader, Zenbatsu Shimabukuro, recently visited Tokyo to attend the national memorial service for the war dead, an important occasion of great emotional meaning for all Japanese. He said there that he hoped for the early restoration of Japanese administration in the Ryukyus, apart from the military bases; that the 112,000 victims of the war on the islands were hard hit; and that agricultural output was well below its pre-war level. He mentioned a camp for war orphans and a vocational school for juvenile delinquents, but said that these were insufficient in number for local needs. Islanders who had relatives abroad who could send them money were not allowed to receive remittances. Another petition, from four mayors in the Amami Islands, who recently called on the Japanese Minister of Labour in Tokyo, claimed that 98 per cent of their people had signed statements asking to be returned to Japanese rule. They also complained of delays in repairing war damage to schools and houses. The Minister expressed no opinion on the matter, but promised to consult the Foreign Ministry.

THE ISLANDS UNDER U.S. ADMINISTRATION

Such gloomy pictures of life on the Ryukyus, put out as political propaganda by visitors to Tokyo, need correction. General Mark Clark administers the Ryukyus through his deputy in Okinawa, General Beightler, under whom two Generals are responsible for military and civil affairs respectively. The civil administration, now under Brigadier-General Lewis, was faced after the war with an Okinawa of which the southern part had been totally devastated in the most severe land fighting, destruction to which a particularly bad typhoon added greatly. The island was only one, and a very small, item in the immense list of overseas commitments with which the U.S.A. was suddenly faced in all parts of the world. Almost every item on the list required men of exceptional political wisdom and economic knowledge. Peace in the Far East has always been fitful, and in 1950 the Korean war brought new demands for men and material. In these circumstances the present comparatively prosperous state of the civil population in Okinawa is sufficient testimony to the energy and goodwill of the U.S. administration, and proof of the immense material aid mentioned by the Kyodo correspondent quoted above. If much remains to be done, and the Ryukyuans themselves still have cause for

complaint, the changes in seven years are yet sufficiently remarkable.

In place of a sleepy and autocratic Japanese Government, which before the war treated the islanders as very poor relations of the Japanese of the homeland, there is an elected Legislature, a free press, and a native broadcasting service. American officers encourage native civil servants to show initiative and enterprise. Progress in education is considerable. Before the war the Okinawans had the very greatest difficulty in obtaining entry into Japanese universities. Now the Americans have started a university close to the site of the ancient shrine at Shuri, near the capital at Naha. Even in remote villages the most substantial post-war building is often the school. With its heavy pantile roof and concrete walls it makes a striking contrast to the grass-thatched wooden huts from which the majority of its pupils come. In the vacuum left by the destruction of the Shinto shrines and the absence of Shinto teaching, Christian missions are flourishing, particularly among the very young. Naha, destroyed in the 1945 fighting, has been rebuilt, and big stone buildings, including a 'Capitol', are also going up. Naturally such improvements are not at present sufficient to overcome all the disabilities of a vast and growing population of peasants who have never possessed any quantity of livestock and whose chief farm tool is the steel mattock. The Okinawans are gardeners rather than farmers, and work their tiny plots of sweet potatoes, beans, and rice on a family basis, and carry their crops home in baskets on their heads—a sight endlessly repeated throughout Asia. American technical aid, and the use of fertilizers and better tools, must necessarily take a long time to raise such a standard of living, but progress is being made.

To sum up, the situation in the Ryukyus cannot be described as inflamed, but it is inflammable. Communist propaganda has already exploited existing discontents. Peking radio occasionally refers to Okinawa as 'an unsinkable aircraft carrier'. Radio Free Japan has broadcast accounts of alleged American misrule there, showing an interest which may not be unconnected with the fact that the 'underground' Japanese Communist Party leader Tokuda is a native of the Okinawan seaport of Nago. In Japan itself it is not difficult for the Communists to stir up nationalist feeling on the subject of the lost empire, and to use it for their own purposes. It is also easy to suggest that the poverty which afflicts Japan in spite of her amazing post-war economic recovery is due

to her loss of territory. City workers in export industries are particularly vulnerable to such suggestions.

In the country areas of Japan, on the other hand, land reform, started under U.S. pressure, has made the majority better off than before the war. The absence of large armed forces leaves more men for productive labour and more money for social services. The Government, having no overseas empire to administer, is under no temptation to strain the country's resources for the sake of risky foreign adventures, but is forced, in order to maintain its position, to pay particular attention to improving social conditions. Indeed, it might be said that the loss of the empire is turning out to be a blessing in disguise. On the negative side, too, the Russians' hostility to the San Francisco Treaty and to the elected post-war Governments of Japan, their refusal to repatriate prisoners of war, and their treatment of Japanese fishermen all tend to nullify the effects of Communist propaganda.

Both in the Ryukyus and in Japan American statesmanship has already achieved much. American generosity over the terms of the Peace Treaty and its accompanying agreements is reaping its just reward. In the islands the spirit, even more than the material achievements, of the post-war administration has demonstrated to thoughtful Japanese that the future of Asia need not involve an inevitable conflict between foreign imperialism and native nationalism, as the Communists continually assert, but is inaugurating a period of co-operation between all the races concerned, for the mutual advantage of themselves and the non-Communist countries of the Far East.

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Notes of the Month

ie Passive Resistance Movement in South Africa

FROM the time that the Separate Representation of Voters' Act is introduced into the South African Parliament attention has gely focused on the constitutional crisis which has pro- ssively magnified and still remains unresolved. Within the iion the constitutional struggle, as such, has been confined nost exclusively to the rival groups of Europeans organized in dies such as the Nationalist Party, the United Party, and the rch Commando. But non-European resistance to *apartheid* s grown steadily since 1948, and the current campaign of non- lent defiance of discriminatory laws is now tending to divert ention from White inter-group relations to race relations.

The roots of the non-European unity movement are to be found the pre-war period, but the origins of the present major cam- ign against *apartheid* can be most conveniently traced from 1945. ricans, Coloureds, Indians, and Malays participated in the iion's war effort. The non-European people as a whole antici- ted an extension of opportunities in the immediate post-war riod. The Smuts Government introduced certain constructive asures; non-European school feeding schemes were initiated, d more funds and improved facilities were provided for non- ropean education. The reports of various official investigators o indicated a more enlightened approach to the problems of the ious non-European groups and gave hope of much-needed onomic, social, and political reforms. But the Government was w to act and the non-Europeans were impatient. The Africans d Indians, in particular, objected to the passage of disputed islation such as the Natives (Urban Areas) Consolidation Act, 45, and the Asiatic Land Tenure and Indian Representation t, 1946. There were protest meetings and disturbances. Anti- ss Law meetings were held. But under Smuts and Hofmeyr

there was always the promise of positive action, and disturbances and protests were only sporadic. The inquiries of the Fagan Native Laws Commission, 1946–8, and the Broome Durban Commission, 1948, encouraged hopes of early improvements in Native policy, especially in the urban areas. The Smuts United Party accepted the Fagan Report, the Nationalist Party rejected it. The *apartheid* slogan was coined and played an important part in the Elections which followed soon after the publication of the Fagan Report.

The change of Government in 1948 and the adoption of *apartheid* introduced a radical change in the psychological atmosphere of race relations. Non-European irritation and resentment were supplanted by fear and aggression. The Indians, regarded as unassimilable aliens, were the first to receive attention from the new Government. The second part of the Asiatic Land Tenure and Indian Representation Act was repealed immediately and Indian family allowances were curtailed. An unofficial European organization was created to encourage the boycotting of Indian businesses. Demands were made by Europeans to confine Indians to segregated areas and to compel them to leave South Africa. In January 1949 the African-Indian riots took place in Durban. It is impossible here to discuss the complex background of these riots, but it was significant that African leaders hastened to heal the breach with the Indian community. Relations between rank and file Indians and Africans remained uneasy, but the Africans soon became aware that the new regime had little to offer and that inter-non-European friction weakened their position.

African school feeding was curtailed. Africans were dismissed from certain posts in the Government service to make way for Europeans. Strict influx control measures were applied to restrict the entry of Africans into the urban areas. Little was done to improve urban housing or rehabilitate the Native Reserves. There were renewed African disturbances on the Witwatersrand and in the rural areas. Political statements, legislation, and administrative action indicated that the negative aspects of *apartheid* outweighed any possible advantages. African leaders noted significant developments and conveyed their unrest to their fellows. The personnel of the Native Affairs Commission was changed and the Commission was transformed into a political agency for *apartheid*. The Natives' Representative Council was abolished. A Native Education Commission was set up with ominous terms of reference.

Legislation such as the Population Registration Act and the Group Areas Act made clear the nature of the pattern of compulsory racial segregation. Coloureds, as well as Indians and Africans, were seriously alarmed by the Group Areas Act, which threatened their property rights without promise of compensation. Other legislation further added to non-European unrest. Unwritten segregation practices in post offices and railway stations were reinforced by bold signboards. In the Cape Province the Coloured people were compelled to travel in segregated coaches. In 1951 the Separate Representation of Voters' Act convinced the Coloureds that the relatively privileged status which they had previously enjoyed was in danger and that *apartheid* would place them in much the same position as the Indians and Africans. African, Coloured, and Indian leaders were drawn together and the united non-European opposition movement was strengthened. But even in mid-1951 joint protest meetings and token strikes were not as successful as the leaders had expected, and many non-Europeans appeared to be prepared to await the outcome of the inter-White constitutional struggle. Early in 1952 the unanimous rejection by the Appeal Court of the Separate Representation of Voters' Act did much to restore the morale of many non-Europeans. But the Government reaction to the judgement not only confirmed the conclusions of those non-European leaders who had previously decided that there was little to hope for; it also convinced many 'moderate' or non-political individuals that resolute political action of their own was essential in order to defend their interests. There is now the grave danger that non-Europeans will lose confidence in all Europeans.

Until very recently non-European leaders in close touch with their people were of the opinion that, despite the forceful nature of many protests, the tense race relations position would be eased if the Government removed pin-pricks and made it clear that there was some real hope for non-Europeans in the Union. Today it is difficult to judge whether this remains true. Tensions have mounted and attitudes hardened on both sides of the colour line. The defiance of discriminatory laws has been sustained in surprising fashion. Substantial numbers of Africans, Indians, and Coloureds, including many prominent leaders, have been convicted for contraventions of pass and curfew laws and petty segregation regulations. Action is now being taken against certain non-European leaders under the Suppression of Communism Act.

This Act contains a very broad definition of 'Communism' ; lays down a procedure which makes defence difficult.

Probable developments are difficult to gauge. Much depends the discipline of the individuals engaged in the non-viol protest campaign and on the manner in which they are handled the police. But the situation is alarming, and could become v grave. The most serious danger, perhaps, is that Europeans v are opposed to the present Government party might decide t self-preservation demands that they should identify themsel with, or reduce their opposition to, the Nationalist Party. In 1924, 1929, and 1948 Elections the Hertzog and Malan Natior ists made effective play on racial fears and doubts. With the 1 Election imminent the more extreme Malan Nationalists wo undoubtedly welcome a diversion of European public attent from the constitutional to the colour issue.

The Democratic Choice for the U.S. Presidential Election

By choosing Governor Adlai Stevenson of Illinois as its pr dential nominee, the Democratic Party has ensured that this ye election campaign in the United States will be fought on a h level between two candidates of outstanding ability. A convin internationalist, Mr Stevenson was closely associated with United Nations in the early days of that organization, but political reputation was made by his unexpected victory four ye ago in the gubernatorial election in Illinois, normally a Republi state in local politics. Since he did not go out to seek the Der cratic nomination, Mr Stevenson has the disadvantage of be almost entirely unknown to the country as a whole, while ev American knows and admires General Eisenhower. This is one the reasons why President Truman is not being allowed to play large a part as he would like in the campaign; it is essential that attention of the voters should be concentrated on Mr Stevens

But another, and more important, reason is that Mr Steven was chosen by the Democrats just because he was not clos associated with either Mr Truman or the present Democr Administration in Washington. One of the Republicans' most t ing arguments in the campaign will be that the Democrats h been in power too long, that it is time for a change in Washing and that, if elected, Mr Stevenson would only be Mr Trum again under another name. But the Democratic Administratio record of social reform and economic progress will be one of

Stevenson's greatest assets, and his successful cleaning up of the corrupt and inefficient state government in Illinois suggests that he would be an equally vigorous reformer in Washington.

Mr Stevenson's relations with his own party will also be adversely affected if he is too closely associated with Mr Truman. For at the Democratic Convention the two wings of the party, the southern conservatives and the northern liberals, nearly split apart even more decisively than they did in 1948, with the Southerners revolting once again against Mr Truman and his policies, particularly his insistence on guarantees of civil rights for Negroes. It was mainly because Mr Stevenson had a more moderate attitude on this question, arguing that the Federal Government should take action only if the state governments failed to do so, that it was possible to reunite the party behind him. His nomination and that of a Southerner, Senator Sparkman of Alabama, as vice-presidential candidate have made it most unlikely that the Republicans will carry any of the southern states this year: with General Eisenhower as their candidate, they had had high hopes of breaking the Democratic monopoly there.

But the Stevenson-Sparkman nomination has given the Republicans hope of winning some of the Negro and labour votes in the northern cities. The outcome of the election in the vital industrial states turns on these two groups; both of them were whole-heartedly behind Mr Truman in 1948 but are much less enthusiastic about Mr Stevenson. If he pays too much attention to southern prejudice, he may lose them altogether and with them the election. Both Negroes and trade unionists are, however, more likely to abstain from voting than to vote Republican.

The number going to the polls in an American election is always small compared with European countries, usually only about 50 per cent of the electorate. The marginal vote is supposed to be Democratic, but this year General Eisenhower's fame may bring people to the polls to vote Republican, who would normally stay away. On the other hand, Mr Stevenson has shown himself to be a really first-class speaker, far more appealing than the General, who so far has been disappointing in this respect. The Governor is also adept at dealing with press conferences intelligently and appears very satisfactorily on television, which is the chief medium through which this election campaign will be conducted. It opens with two good candidates equally matched and little to choose between their chances of victory next November.

Crisis in Egypt and Persia

It was not until early last year (largely owing to the scar newsprint) that the growing tension in Persia and Egypt, I their respective internal situations and in their external rel became headline news in Britain. In both countries, howev tension was but the prolongation of a period of crisis ii external relations that had followed immediately on the close second World War; and both internally and externally it w of a process of painful adjustment to the impact of West fluences—political, economic, and intellectual—that reache well into the last century. No commentator on General N military *coup d'état* in Egypt in July has failed to remark analogy of Arabi Pasha's rise to power seventy years ag emergence of a strongly nationalist urban middle-class in I follows logically from the constitutional revolution which there in 1905; and not only had the Anglo-Iranian Oil Com concession been temporarily revoked by Riza Shah in 1932 tradition of repudiating concessions to foreigners, on the g of their allegedly inequitable character, goes back to Nasir u Shah's transactions with Baron de Reuter in 1872.

It will be useful to summarize the principal events of t two months in Persia and Egypt respectively before attemp make comparisons between them and to draw some concl

RECENT DEVELOPMENTS IN PERSIA

When Dr Moussadek on 13 July asked the Persian Parli to vote him full powers to deal with the country's incr financial plight, owing to which the Army and the civil s were going unpaid, opposition to him in Parliament and c had already been gathering. The lower House or Majlis w complete, since the elections in thirty constituencies had stopped, obviously to prevent the return of Opposition de but even this truncated Majlis had elected an Opposition de

[1] An American authority, whose experience of Persia goes back to 1 who was political attaché at the United States Embassy there from Mar to January 1952, defines this roughly as 'the expanded group of the ed including the vigorous intellectuals, professional men, and journali bureaucracy and the civil service, and the growing body of studen bourgeoisie proper—the trading and business groups—and the artis skilled labourers' (T. Cuyler Young: 'Nationalism in Iran', in *Nationalis Middle East*, a series of addresses presented at the Sixth Annual Confer Middle East Affairs, sponsored by the Middle East Institute (Washi 21–22 March 1952, p. 21).

ts president, and in a vote of support for Dr Moussadek in the Senate (half of whose members are appointed by the Shah) there had been more abstentions than favourable votes. On 16 July Dr Moussadek requested of the Shah that in the new Cabinet which he was now forming, as a consequence of the recent elections, he should himself be Minister for War, and thus extend his control to the armed forces. The Shah, encouraged apparently by the stronger personalities of his mother, his sister the Princess Ashraf, and his brother Prince Ali Riza, refused the request and accepted Dr Moussadek's resignation; and on the following day the Majlis, meeting in secret session with twenty-seven Moussadek supporters absenting themselves, gave forty votes to Qavam us-Saltana as Prime Minister.

This 'elder statesman'—for Qavam is in fact five years older than Dr Moussadek himself—had set the seal on a reputation for subtlety by his skilful handling, with the support of the United States and British Embassies, of the forcible Soviet request in 1946–7 for a joint Soviet-Persian company to develop the oil resources of north Persia. At the end of 1947, however, the nationalist fervour of the Majlis, in completely rejecting the Soviet request, had refused Qavam its confidence without recognizing that his manoeuvres with the Soviet had gained Persia valuable time. His name had been among those canvassed for the Premiership in September 1951, when Dr Moussadek's position had for some time been uncertain.[1] Qavam could not now reverse Moussadek's law for the nationalization of the oil industry, but he criticized his subsequent failure to come to terms with the British and blamed him for the financial crisis which had resulted from the industry's stagnation. Immediately on Qavam's appointment Dr Moussadek's 'National Front' and the followers of the religious extremist Ayatullah Kashani began demonstrations in Tehran and elsewhere, which were repressed by police and military action. It appears, however, that the Shah on 19 July refused Qavam's request to dissolve the Majlis and authorize Kashani's arrest; and on the 21st the demonstrators were powerfully reinforced by the organized shock-forces of the Communist (Tuda) Party who

[1] T. Cuyler Young speaks of the 'Herculean efforts' of the British at that time to secure the displacement of Moussadek (*ibid.*, p. 22, and cf. the more discreet hints of *The Times* special correspondent in Tehran, 3, 8, 14, and 18 September 1951). Now, however, the conviction in Tehran became 'almost universal, even in fairly high quarters' that Qavam's elevation to office was the work of United States officials; this was dismissed as, at best, pure exaggeration (*New York Times*, 26 and 29 July 1952).

incited the mob against the Shah and the royal family. Ar bloody clashes with the security forces, the Shah refused Qava requests for full powers to deal with the disorders, and accep his resignation.

The following day, 22 July, witnessed both the delivery the International Court's judgement that it had no jurisdiction the British oil dispute with Persia,[1] and also the reinstatement Dr Moussadek as Prime Minister. He now obtained from Shah his own appointment as Minister for War, and the remo of the Chief of the General Staff, other military commanders, a the Chief of Police, who were alleged to have been plannin military *coup* as the only remedy for the chaos to which Mous dek's policy was leading; the members of the royal family who l stiffened the Shah's uncertain resolve a week earlier were co pelled to leave Persia. Dr Moussadek now sought virtua dictatorial powers for six months to deal with the financial cri and on 7 August his Government delivered a Note to the Brit Government offering to reopen negotiations with the Ang Iranian Oil Company within the framework of the oil nation zation law. This was, however, made conditional on the Compan immediately paying the 'tens of millions' allegedly due to Pe (apparently the additional royalties that she would have recei under the 1949 agreement which the Majlis rejected); the remo of restrictions imposed on Persia's converting certain sterl credits into dollars; and on the Company's abandoning its effo to prevent the sale abroad of Persian oil, for which certain Ame can and Italian companies were prospective buyers. Meanwh it was with some reluctance that the Persian Senate granted Moussadek the full powers which he demanded, and there w reports of a rift within the National Front between its m conservative elements and those inclined to make a tactical a ance with the Tuda Communists, 'this uniquely organized, tigh knit, fanatical party.'[2]

The Governments of the United States and Great Brit were thus presented with the dilemma of rescuing Moussa from financial disaster or seeing Persia pass into the Communi hands. On the British side it was remarked that capitulation Persian intransigence would only encourage extremists in

[1] A National Front newspaper immediately asserted that the British had in gated the appointment of Qavam as Prime Minister in anticipation of this favourable judgement (*Bakhtar-i Imruz*, quoted by Tehran radio, 24 July 19

[2] T. Cuyler Young, *op. cit.*, p. 23.

Arab oil-producing countries to challenge the oil agreements recently negotiated, thus opening an unending vista of blackmail. The view in the United States, reinforced by the recent Communist-inspired anti-American demonstrations, was that the risk of an extension of the Soviet empire to Persia must be countered at all costs. This was a compelling argument, if Persia would allow herself to be rescued. However, the revenues to be obtained from an early resumption of oil trading would be limited by the physical deterioration of the great Abadan refinery and by the fact that Persia's former oil markets are now being supplied from other sources. The Persian Government's hopes that a 2 per cent surtax on immovable property would raise at least £70 million in a year postulate a higher level of administrative efficiency and probity than were experienced by Dr Millspaugh or the United States consultants on the Seven-Year Plan; and those grave administrative deficiencies are notoriously the stumbling-block to any proposal for direct financial aid.

THE COUP D'ÉTAT IN EGYPT

In Egypt, the Government of Nagib al-Hilali had since March been conscientiously trying to deal simultaneously with the interrelated problems of the domestic economic and social situation and of relations with Britain. It was essential to the Government's survival, since they had no party backing, that they should seek an earlier solution of the 'national aspirations', the ending of the British occupation of the Canal Zone and the Sudan; but though they made much of the direct talks which they had instituted with representatives of the Sudanese Independence Front, it was evident that those cautious (not to say suspicious) southerners would take a long time before committing themselves to union with Egypt; and meanwhile the British Government resisted United States suggestions of a concession to Egypt on this subject. At home Hilali's Government had the task of remedying the serious damage done to Egypt's economy by the Wafd Government's failure to sell abroad a large part of the 1951 cotton crop at the exaggerated prices which they had tried to maintain in the wake of the 1950 cotton boom, and of satisfying public opinion by uncovering the large private fortunes which prominent Wafdists and their associates were reputed to have amassed by abusing their official positions for large-scale speculation. The Finance Minister, the zealous Zaki Abd ul-Muta'al (a recent dissident from the Wafd,

like his Prime Minister) had urged the assumption of pul control over the Société des Sucreries d'Egypte, the name of wh chairman, Ahmud Abbud, had been associated during the Waf regime with that of King Farouk's press counsellor, Ka Thabit, and that of the principal Wafdist 'boss', Fuad Sirag Din, who had latterly combined the influential portfolios of Interior and Finance in the Wafd Government. As the result 'disgraceful intrigue'[1] the King now dismissed Hilali on 28 Ju Abd ul-Muta'al was displaced from office; Karim Thabit achie Cabinet rank for the first time, and became president of the St broadcasting organization; and Sirag ud-Din was released fr the *résidence forcée* to which Hilali had consigned him.

But the deterioration of public security in the last stages of Wafd Government had already brought into greater prom ence the dissatisfaction of a large number of Egyptian Ar officers of the middle and junior ranks with their superic Accusations of favouritism and corruption in the higher comma in the Egyptian Army went back to the revolt of Arabi and fellow-colonels against their Turco-Circassian commanders o seventy years ago; but they had gained added point from experience of the Palestine war of 1948, when those at the fr had suffered from receiving abnormal proportions of defect arms and ammunition and from a lack of medical supplies. T they attributed to the criminal negligence or corruption of supply services and the higher command. That an inquiry 1950–1 proved ineffectual the junior officers attributed to the int vention of a Palace entourage that had lived in ostentatious a un-Islamic luxury while the Army had been taking part ir *jihad*; and it was added that these Palace personalities and corr elements in the Wafd Government had mutually connived at e other's depredations. The Army malcontents found a leader Major-General Muhammad Nagib, who had fought with d tinction in the Palestine war. Early this year they elected h president of the Cairo Officers' Club, against the King's effo to secure the election of the Commander of the Frontier Forc and they apparently followed this by protesting to the King agai the persistence of corruption and inefficiency in the higher co mand. The King ordered the Minister for War in Hilali's Gove ment to dismiss General Nagib from the Army, but the Minis resisted and in June advised the King to reconcile the malconte

[1] *The Times* leading article, 25 July 1952.

through the resignation or dismissal of the Commander-in-Chief and the Commander of the Frontier Forces.

Husain Sirri, who after four days' political gyrations became Premier on 2 July, came under the same royal pressure, and sought to relieve the growing impatience in the Army by securing the appointment of General Nagib as Minister for War. Instead, the King ordered him to be posted to the limbo of Upper Egypt, whereupon Sirri resigned on 20 July. The King called on Hilali to form a new Government, but was determined to have his way with the Army by imposing his own brother-in-law, a young officer of little experience, as Minister for War. On the night of 22–23 July General Nagib and his associates, after careful preparation,[1] occupied Cairo against negligible resistance—the King and the Government being at the summer capital, Alexandria—and upon Hilali's resignation they demanded the appointment as Prime Minister of Ali Mahir, who had held that office for two months after the dismissal of the Wafd in January. They had already arrested the Commander-in-Chief, and on the 24th the new Government conferred that appointment on General Nagib; the King 'deigned to accept the major claims of the Army' and submitted to a purge of his entourage, including his Italian 'directeur des affaires intimes'[2] whom he had obstinately maintained against British pressure during the war. But it was too late. The corruption which surrounded Farouk and the profligacy of his personal conduct had become, despite a rigorous censorship, notorious in a country in which, as a reaction against the widespread laxity which was attributed to a cosmopolitanism at variance with the principles of Islam, the puritanical precepts of the Muslim Brotherhood (*Ikhwan al-Muslimun*) had gained the sympathy of hundreds of thousands of sincere men. The Army considered it impossible 'to cut off the snake's tail and leave the poisonous head'; and on 26 July they forced Farouk's abdication in favour of his seven-months' old son, Ahmad Fuad II.

It thus became necessary to appoint a council of regency, and this presented the problem that, in the event of a king's death and the succession of a minor, such a step constitutionally required the approval of Parliament; and it was not the wish of the military junta or of Ali Mahir to bring back the dissolved Parliament

[1] Six younger officers who actually planned the *coup* took General Nagib fully into their confidence only twenty-four hours beforehand, according to Rawle Knox, reporting from Cairo to *The Scotsman*, 13 August 1952.
[2] *Le Monde*, 3–4 August 1952.

with its large Wafdist majority or to hold new elections unt
February next, by which time the political parties are to hav
completed their self-purification. The fortunate circumstanc
that the Constitution had made no provision for an abdicatio
made possible the appointment of a 'provisional' Regency Counc
comprising a member of the royal family, an Army representativ
and an elder statesman. The appointment of the last-named,
former dissident from the Wafd, was a rebuff for the Wafdis
leaders Nahhas and Sirag ud-Din, who immediately after th
military *coup* had hastened back from holidaying in Europe. Whe
the Wafd party machine, dominated by Sirag ud-Din, resiste
pressure from below for a genuine purge and merely made scape
goats of fourteen critics, General Nagib issued a series of warning
that he expected the purification to begin from the top; and th
Prime Minister hinted that present party differences, base
primarily on personalities, might be broken down to produc
parties based genuinely on policy. In the Government's need t
repair the financial ravages caused by Wafdist improvidence an
to provide for economic and social reforms, Egypt's own resource
could not easily satisfy the Army's desire for large-scale expansio
and re-equipment; and General Nagib expressed the hope o
receiving modern equipment from the United States and th
Western democracies, with the familiar hint that otherwise Egyp
would 'have to apply to somebody'.

While Lord Mountbatten visited Jordan, Israel, Lebanon
and Syria (27 July—4 August), meetings between the Britis
Ambassador in Egypt and Ali Mahir raised hopes in Cairo of a
understanding on the future of the Canal Zone base. Howeve
news leaked out that the British Government had forwarded t
Washington, apparently before the Egyptian military *coup*, th
preliminary draft of a proposal to set up a planning group for
Middle East defence organization without initially includin
Egypt; a State Department comment of 6 August, emphasizin
the desirability of reconsidering Egypt's attitude after the chang
of government there, was interpreted by the United States pre
as indicating a sharper difference of attitude between Stat
Department and Foreign Office than the former would admit.

FUTURE PROSPECTS IN THE TWO COUNTRIES

Thus in Egypt, six months after the Wafd—the only politic
party with a country-wide organization and following—ha

emonstrated the corruption of its leaders and their reckless azarding of public security and welfare in the pursuit of private ain, the self-indulgent wilfulness of the sovereign had sacrificed ie constitutional authority of the Crown as a stabilizing force in olitics. The transfer of effective power to the Army was symbolied by the formation on 12 August of a committee of military fficers and civil servants to co-ordinate Government policy; and he new military leaders were already making the pace for the Government, notably by calling for the purchase at pre-war rices of all estates exceeding 200 acres and their redistribution mong landless labourers and peasants.[1] A radical economic and ocial policy will be favoured by the Muslim Brotherhood, whose restige has been increased by the new official campaign against orruption; but an outbreak of xenophobia, such as has been ssociated with the Brotherhood in the past, would not suit the Government which, in its pursuit of economic recovery, is seeking o conciliate foreign companies and attract foreign specialists who ave been discouraged by the restrictive legislation and adminisrative discrimination of recent years. It is imperative that the ulers of both Egypt and Persia should in their present situations oncentrate soberly on essentials and eschew the temptations of the pectacular. The most striking contrast is that the new Egyptian Government, at 1,000 miles distance from the Soviet Union, took teps to combat Communist activities,[2] whereas in Tehran, only 50 miles from the Russian frontier, Dr Moussadek's reinstatement owed much to the intervention of the Tuda shock-troops. Persia, like the receding galaxies of which the astronomers tell us, eems to be swiftly passing beyond the visible horizon of the West. o far from her armed forces being in a position to put an end to rresponsibility and assume control, they themselves (like the wellntentioned but irresolute Shah) have passed under the control of nationalist movement whose 'determination to wrest itself free rom present political and economic frustration' is prevented from chieving anything positive and constructive by 'the volatility and motionalism of the Iranians and their excessive individualism'.[3]

[1] This Egyptian proposal, made on 11 August, was followed two days later by decree of Dr Moussadek, ordering specific improvements in the tenures of ersia's millions of share-croppers.

[2] At the time of writing it was not possible to say whether the textile workers' ot at *Kafr ad-Dawwar on 13 August* was a spontaneous expression of old ievances, or whether (and to what extent) it may have been inspired by ommunists or Wafdists to embarrass the new regime.

[3] T. Cuyler Young, *op. cit.*, p. [illegible]

When British and French policies in the Levant States car into conflict during the war, French interests which seemed t have a localized and particular character were compelled to giv way to what then appeared to be a wider British conception of th regional interests of the Middle East. Georges Bidault was prob ably thinking of the general challenge of nationalism when in Jun 1945 he warned Britain '*hodie mihi, cras tibi*'. It is doubtfu whether even the perspicacity of French logic foresaw that withi seven years, in the critical situations of Persia and Egypt, it woul now be Britain, almost as diminished relatively in authority as war time France had been, that would seem to be over-concerned wit her localized and particular interests; and that it would be th function of the United States to press or exhort her to take broader view, at some sacrifice to herself, of the regional interests c the Middle East. Now as then, the lesser Power which is directl challenged by nationalism is apt to regard the judgement of th admonishing greater Power as, at best, superficially optimistic but if the experience of the Levant States, of Palestine, and o Persia in 1950–1 is any guide, an obstinate insistence on th narrower point of view is likely to produce worse consequences i the end than might have resulted from a more timely acquiescenc in the trend of the times.

G. E. K.

United States Foreign Trade Policy

THERE is no doubt that the last year has seen a noticeable rise in protectionist sentiment in the United States, and one which i causing as much concern in Washington, although not all over th country, as it is abroad. The marked weakening of the Reciproca Trade Agreements Act, when it was renewed in 1951, coincide with an economic recession in the United States which, while onl slightly affecting the national economy as a whole, had a shar impact on a number of small consumer goods industries such a textiles, leather goods, jewellery and so on. Industries of this typ are particularly jealous of foreign competition, especially of cours when business is bad, and at the same time foreign competitio

came much sharper, with the re-entry of Germany and Japan o international trade and continued efforts by other free coun-es to reduce their dollar deficits.

The Trade Agreements Act is the legislation, first passed in 34, which empowers the Administration to offer tariff reductions other countries, in return for reciprocal concessions, without tting Congressional approval for each pact. It has enabled the nited States to enter into negotiations under the General Agree-nt on Tariffs and Trade, and under it very substantial reductions the average level of American tariffs have been achieved since lamentable Smoot-Hawley days. The average levy on dutiable ods, about one-third of American imports, is now around 15 r cent, compared with 50 per cent in 1932; but this average nceals much higher tariffs, in some cases still almost prohibitively gh, on many manufactured goods.

The changes in the Trade Agreements Act last year were two. ne 'peril point' provision long favoured by the Republicans was ded to the legislation: it obliges the President to report to ngress if any tariff is reduced by an agreement to a level that, the opinion of the independent Tariff Commission, would harm lomestic industry. This provision has not as yet been invoked, ce no new agreements have been negotiated in the past year; enewal of the one that has expired with Venezuela is nearing npletion at present.

The other change broadened the 'escape clause' in the Act and isted that it must be included in all agreements, both existing d to come. As it now stands, the Tariff Commission is obliged hold hearings when any industry complains that it has suffered m, or is threatened with, serious injury from foreign com-ition as a result of tariff reductions; the Commission must her reject the complaint within a year or recommend an increase duty to the President. He in his turn, if he does not grant an rease, must tell Congress why he has not done so. The Com-ssion apparently feels that it must confine its deliberations rowly to the industry concerned; it is left to the President, as his ent decisions on recommended tariff changes have shown, to ate any particular complaint to the national economy and the ernational policy of the United States.

It is largely because of this change in the law that there has med to be such a growth in protectionist pressure in the ited States lately, for twenty or so small industries, from fig

growers to makers of chinaware, have been forcing the Ta Commission to hear their complaints, and giving it an alm unmanageable burden of work in the process. During the l few months decisions have been announced on several of th cases, two of them of great importance, both in themselves and indications of what may be expected in the future. The outcome both is likely to discourage many of those who have been think of applying for tariff relief, at least until a Republican Presid takes office—if he does—next January.

First the Commission rejected the application of a manufactu of motor bicycles for a higher duty on imports of medium-weig machines from Britain. The American firm concentrates mainly heavy-weight machines and still dominates the market for t type. The British firm had since the war built up what was to intents and purposes a new demand in the United States for product, by selling something that was not only cheaper but mo popular, and the Commission held that the American compa ought to look for ways of competing in this expanding mark rather than to ask for this foreign enterprise to be penalized. earlier decision, on imports of fur felt for hats, for which t market in the United States is shrinking, had gone the other w and an increase in the duty followed; here the Commission's vi evidently was that the remnants of the trade should be preserv for American producers, in order to save them from unemplo ment and bankruptcy.

The other recent decision of importance was on higher dut on Swiss watch movements, demanded by American watch man facturers as soon as the Swiss Government had been obliged accept the inclusion of the escape clause in its old trade agreeme with the United States. The Tariff Commission recommend that the increase be granted, in view of the threat to the Americ industry, but the President has just rejected the recommendatio During the two months in which he was considering his decisi he was bombarded with arguments by both sides. The watc makers contended that they were entitled to special considerati because of the importance of their industry and its skilled worke in time of war, while the importers of Swiss watches pointed o that higher tariffs would cause unemployment in the United Stat just as surely as would the continuation of imports, since maki cases for imported Swiss movements is also an American industr In addition, if the Swiss retaliated by cutting imports of tobac

ıd automobiles, as the Belgians had done in response to the creased duty on fur felts by raising the duty they charge on ıraffin wax, there might be additional unemployment in American rms and factories.

The President based his refusal to increase the already substantial duty on watches on the grounds that the escape clause was ɔt intended 'to enable the changing pattern of domestic demand' ı be ignored, or to 'provide an escape from normal healthy ımpetition'; he said that much greater damage must be shown ıan the watchmakers had been able to demonstrate before the ıvocation of the escape clause would be justified. Mr Truman ɔinted out that, although the share of American manufacturers in atch sales was, on a percentage basis, smaller than before the ade agreement was made in 1936, yet total sales of watches had creased so greatly that American makers' sales were, by value, ɔuble what they had been.

The purpose of the trade agreements programme, as the Presient insisted, is to expand foreign trade in the national interest, ıd it is an important way of putting more dollars in the hands of ople abroad who want to buy American goods. It was in this nnection more than any other that observers, both at home and ıroad, felt the case of the Swiss watches to be so important. If the ıty had been raised, all those foreign Governments and businessen who are working so hard to become independent of American d by expanding their foreign trade would have felt that their forts were useless, since American tariffs would be raised against em as soon as they had any success. Moreover, these countries ɔuld have lost faith in American promises and ceased to pay tention to U.S. exhortations to reduce their trade barriers.

For their belief in American trustworthiness when it comes to creased freedom of trade has already been shaken by developents other than the growing pressure on the Tariff Commisɔn, developments which have proved embarrassing to American presentatives when they meet those of the other signatories of .A.T.T. (the General Agreement on Tariffs and Trade). The nate adjourned in July without completing action on the ıstoms Simplification Bill, which passed the House of Representatives last year, but will have to go through all the hoops again the new Congress. This is the Bill which would bring up to date e complicated and contradictory methods and classifications of e U.S. Customs. They have already been improved by adminis-

trative action, but without further legislation they will contir to make the American market seem almost unattainable to ma frustrated foreign business men, and will give the less energe an excuse, which many of them are quick to take, for not trying break into that market.

But Congress has also erred as much by its sins of commissi as by those of omission. The most notorious of its protection steps have been the quota restrictions on imports of cheese a other dairy products inserted in the Defence Production Act. Tl Act gave the President the various economic control and allocati powers which were essential to mobilization after the Korean ou break, and for this reason he could not veto the import restrictio This attachment of riders to important Bills is one of the prot tionists' favourite ways of getting a foot in the door; the m recent example is a provision in the military appropriations B practically forbidding the use of foreign wool in textiles for t armed forces. The cheese amendment to the Defence Producti Act had disastrous effects on Danish and Italian exporters who h been building up their American trade in cheese at the request Marshall Plan officials. The amendment was modified when t Act was renewed this year, but it was not removed altogether, spite of the President's urging.

The susceptibility of Congress, and especially of the Senate, protectionist pressure from special interests is the result of combination of factors, which react on Democrats and Republica alike, although there are more Republicans who start off wi protectionist sympathies. To the Senators from these states t interest of the cheese producers of Minnesota, the sheep-farm of the Rocky Mountains, the hatters of Connecticut, seem mu more immediate than do the concerns of America's allies abroa especially when the trade restrictions concerned will have lit effect on American consumers. For example, the price of bl cheese has gone up since the Defence Production Act amendme was passed, but it is not an important item in the American cost living. Few of the items in question form more than a very sm percentage of total American imports, and it is difficult for Co gress to realize that they may be a vital part of the foreign trade the exporting country.

The point was made in the Italian protest to the State Depa ment early this year that new barriers had recently been rais against four of Italy's leading exports to the United States

heese, almonds, olive oil, and hats. An increase in the duty on nother of them, garlic, was later recommended, but was rejected y the President, on the grounds that the interests of the many talian producers of that commodity were more important than hose of the few Californian farmers who grew it as a side-line. But n an election year Mr Truman had certainly not forgotten that Democratic Italian voters in New York appreciate cheap garlic.

Congress is not the only body in Washington that yields on ccasion to protectionist influence. Government offices, especially hose that have close relations with business men and farmers, are lso subject to much pressure, and to the annoyance of the State Department cannot always resist it. It has been remarked, for xample, that the Department of Agriculture applied the cheese quotas more strictly than was made absolutely necessary by the erms of the legislation.

The Department of the Army has, however, recently shown a atisfactory relaxation in its interpretation of the 'Buy American' Act, one of the chief bugbears of those who wish to increase American imports. The Act forbids Government departments to urchase foreign articles for use in the United States unless American prices for similar articles are unreasonably high. (It does ot apply to goods purchased abroad for use abroad, i.e. to equipment for the American forces in Europe). The term 'unreasonable' as usually been interpreted to mean at least 25 per cent dearer han the price for the foreign article, but the Army engineers have ow accepted a British bid for electrical transformers to be used n a dam in North Dakota, which was only about 20 per cent elow that of the nearest American competitor. Seattle City, in a imilar case last year, excused itself from accepting the British bid y explaining that it did not meet the required specifications.

It is very noticeable nowadays that these protectionist pressures ome from special groups rather than from national organizations, rom the cheese producers' association and not from the Farm Bureau Federation, from the watchmakers' trade group and not rom the U.S. Chamber of Commerce, from the wooden screw orkers' union and not from the Congress of Industrial Organizations, or even the American Federation of Labour, long strongly rotectionist. The leaders of these national organizations are as ell aware as is the present Administration that unless the United tates is prepared to accept more imports it will be obliged to ontinue indefinitely its present subsidies to its allies abroad, in

order that they may be able to go on buying the American good
without which their economies would collapse and they woul
become an easy prey for Communism.

This is something which General Eisenhower understands ju
as well as does President Truman or Governor Stevenson, an
there is therefore no reason to suppose that, if he is electe
President, there will be any change in the basic policy of th
United States Administration as regards the desirability of lowe
ing trade barriers. On his return from Paris the General was som
what vague in his views when questioned on the Trade Agreement
Act, as he was on much else, but he has said that he will take advic
on this matter, and his advisers will be Mr Paul Hoffman an
other progressive and internationalist Republicans.

However, there are many Republicans in both House an
Senate who belong to the nationalist restrictionist wing of th
party, and if there is a Republican majority in the next Congres
as is almost certain should General Eisenhower be elected, the
the influence of this wing will be great, and perhaps decisive o
questions of trade policy. The first test will probably come on th
Trade Agreements Act, which must be renewed once more befor
the end of June 1953; the debates on this Act, and the form i
which it is passed, will provide a valuable indication, whether th
next Administration and Congress are Republican or Democratic
of what changes are to be expected in American trade policy.

What changes are needed will presumably be outlined in the ful
report which the Public Advisory Board on Mutual Security
consisting of representatives of industry, labour, agriculture, an
the public, has been requested to prepare for the President, i
order to clarify the present confused situation. The report is t
cover the vexed question of trade with Soviet satellite countries
and also such points as agricultural policies and maritime law
affecting foreign trade, as well as the more obvious restrictions o
imports. It will give Congress a solid foundation of fact on which
to build, but what Congress constructs is likely to depend muc
more on the present state and future prospects of the America
economy. Protectionist pressure rises and falls inversely with th
barometer of national prosperity in the United States. And it is o
that prosperity, with the resultant demand for raw materials an
luxury consumers' goods from abroad, that the volume of Ameri
can imports depends, far more than on the relaxation of tariffs an
other trade restrictions. N. B.

Industry and Agriculture in Yugoslavia

New Trends in Policy

DURING the four years that have now passed since Yugoslavia was expelled from the Cominform, fundamental changes have taken place in that country. A revolution has occurred within the war- and post-war revolution that Tito headed, and it is remarkable that he himself has again led the new phase. The essence of these changes—which have affected both economic and political life—has been a movement away from the Stalinist conception of the State which was enforced in Yugoslavia up to 1948 and is still practised in the other Communist countries of Eastern Europe. The theory behind the changes is that Stalinism is an incorrect interpretation of Marxist doctrine, that Russian Communist methods should not be exported to other Communist countries, and that Yugoslavs and not Russians are the proper interpreters of how Communism can best be put into practice in their own country. This belief, latent though not apparent to any but the Russians before the Cominform split, has since 1950 been given full rein. On the political side changes have come more slowly, possibly because they could be introduced only after Marshal Tito had made quite sure that his internal position was unassailable and that if attacked by Russia or her satellites he would be certain of aid from the West. Having secured these two bases, drastic political changes are now being introduced. They include changes in the Constitution, affecting both central and local government, and in the legal system; limitation of the power of the secret police; and a general relaxation of political control over the individual; but it will be some time before it is possible to evaluate their success. The improved political atmosphere, however, has already worked wonders for Yugoslav morale and is much appreciated by foreign visitors and business men who visit the country.

On the economic side the changes are now more apparent, because they have of necessity taken place over a longer period. The Soviet economic blockade of Yugoslavia initiated after June 1948 was designed to bring Yugoslavia to her knees through economic collapse, or at least to discredit Tito completely in the eyes of his own people and force him to abandon his much vaunted Five-Year Plan. Neither of these results was obtained. Tito had to accept aid from the West, but he has succeeded—unexpectedly, to

many people—in obtaining it without political strings, and he ha so far maintained an independent foreign policy and complet control over the method, aims, and character of economic develop ment inside Yugoslavia. In fact, Yugoslav officials have ofte seemed to be reluctant to follow Anglo-U.S. technical advice les this might be construed as acceptance of domination by th capitalist West. But gradually over the four years the econom picture in Yugoslavia has altered, though many of the change were not clearly distinguishable until this year. Trade, of course is now completely reorientated, to the exclusion of the Sovie Union and Cominform countries. If there is a leakage in th blockade, it is of insignificant proportions and takes place as re export through 'neutral' countries. The targets of the Five-Yea Plan have not been achieved, but this does not mean that its bas objectives have been abandoned. It seems clear that, in spite o advice to the contrary, the Yugoslav economic planners have con tinued to follow their original determination to industrialize first leaving agriculture to do as best it can with only small capital in vestment, inadequate planning, and the less qualified personnel.

DEVELOPMENTS IN INDUSTRY

On the industrial side the Plan has had to be scaled down an considerably prolonged. Of the multitude of mining, metal-refin ing, machine-tool, hydro-electric, and other projects, a considerabl number have had to be shelved and some abandoned altogethe It has been found that the cost of import of capital equipment fo even a limited number of these schemes has put an impossibl strain on the Yugoslav economy, so that even with aid Yugoslav faces a deficit of one-third or more in her balance of payment this year and will only succeed in reducing this in the next fev years by hard work, careful control of expenditure, and providin there are no bad harvests. Before the split in the Cominform Yugoslavia had arranged, on far from favourable terms, to receiv over $300 million-worth of loans and credits from the Sovie Union. Since 1948 Yugoslavia has received over $600 million worth of aid from the West in loans, credits, and gifts, and sh will need more if economic development is to go forward. It is stil difficult to tell whether the investment in industry is bearing frui or not. Output in most industries is now up to, and in some case notably surpasses, pre-war levels. New machine-tool factorie and the great new steel plant at Zenica are in production. Expor

figures for 1952 will be the real test for Yugoslav industrial development, but even they cannot give the whole picture. Industrial development in Yugoslavia, as in so many other countries, has been hamstrung by the necessities of rearmament. Many people consider that this result has been one of the main purposes of the war of nerves, the frontier incidents, and other forms of irritation which have been steadily maintained by Russia and the satellite countries over the past four years.

Yugoslavia is spending 23 per cent of her annual Budget on rearmament—and this represents only a proportion of the cost to the whole economy, since the drain of materials and manpower that otherwise would be available for more productive industrial purposes must be very great. It is known that Yugoslav armaments industries have been greatly expanded; how much is, of course, not made public. In addition, separate military aid has been given by the West, and this has been increased in the past twelve months since Western observers have gained more confidence in the stability and good intentions of the Tito regime and in the capabilities of the Yugoslav Army.

One other factor to complicate the industrial picture is the vast reorganization in administration and management which has taken place over the past two years. Industry was nationalized in 1945; up to 1950 it was organized on a highly centralized basis, and was subject at all levels to political—and that means Communist—pressure and interference. Not only were overall plans framed by the Politburo, but management and technical development were in the hands of Communists appointed for political reasons and regardless of their qualifications. In the past few years there have been numerous examples of the disastrous effect of this policy on industry. Frequently the advice of the very few trained experts that Yugoslavia possessed was disregarded because they were considered as 'reactionaries'; even Western technicians found their well-intentioned advice disregarded because it did not measure up to the ignorant ideas of local party officials. The wastage in men, materials, and time was immense. Happily this phase is now ended. Yugoslav leaders have come to the salutary conclusion that efficiency is more important, and a steady attempt is now being made to enforce this principle at all levels. Western technical advisers—and their numbers have increased in the past year in the oil industry, mining, steel, timber, and many other industries—all agree that their advice is now more often taken on its own merits,

examined, where possible, by Yugoslavs capable of judging, an action taken accordingly.

In the field of management and labour the former politica stranglehold is also being somewhat relaxed. Control of industr has been decentralized, and is now exercised by the federal insteа of the central authorities. Workers' Councils have been electe for all enterprises throughout the country, but it is still too soo to tell how they will succeed. In theory the Councils are freel elected but on a system of agreed lists, not by individual nomina tion, and it is probable that some political pressure is still exercise over the composition of the lists. But the incidence or degree o pressure must of necessity vary from one area or works to anothe as must also the efficiency of the Councils themselves. In fac responsible as they now are for labour conditions, output, sale profit and loss, and every aspect of a working industry, th Councils have a very difficult task. They have to do the work tha in capitalist industry is organized by a number of highly paid an trained executives, and in many cases the members of the Coun cils have neither training nor experience. Many people hav prophesied that Workers' Councils, at any rate in their early stage will result in a fall in efficiency. But the Yugoslav leaders—includ ing Tito—declare themselves quite confident of success. An there is no doubt that in the areas where some tradition of indus trial work is already established, as, for instance, in the textil and some mining trades, the Councils seem to have started well As one of the Yugoslav leaders said, in other areas, where an in dustrial population is being newly created from peasants straigh from remote villages, they might as well learn to take responsibilit through the Councils while learning their trade.

AGRICULTURAL PRODUCTION AND THE CO-OPERATIVES

Thus the picture of Yugoslav industry is still in many respect indistinct. It is impossible to say as yet whether Yugoslav plan and Western aid have been justified by results, but the forecas is still hopeful. In agriculture, on the other hand, the present pic ture is fairly clear. This is probably because up to now agricultur has remained relatively undeveloped. The land has not bee nationalized. It is true that landholdings have been limited to 3 hectares (including woodland), and the past four years have see a great drive to set up collective farms; but, in spite of this, 7 per cent of Yugoslav agriculture is still in the hands of privat

peasants and there is as yet no appreciable difference from pre-war days in the numbers of small-holdings (1–20 hectares); and the number of pre-war big estates—never very large or numerous in Yugoslavia owing to the land reform of the 1920s—is now roughly equalled by the number of State farms. In spite of plans for reclamation of land, the amount of soil at present in productive use is nearly half a million hectares, or 4 per cent, less than before the war. The area used for cereals is about 1 million hectares, or approximately 16 per cent, less than in 1938, and, though nearly half of this is now used for industrial and other crops, this change is quite a serious one for the Yugoslav economy since cereals are in much greater demand today than ever before. They are a valuable export to Western Europe, and are needed for building up the depleted stock situation at home; moreover, as the industrial population of Yugoslavia increases and the peasants become more prosperous and sophisticated, they eat more of their own produce. There is plenty of evidence now to show that wheat bread is coming to be eaten in preference to maize, that peasants and townspeople are eating considerably more meat than before the war, and that the consumption of sugar is on the increase.

The livestock situation has also given serious cause for concern. Losses during the war were heavy, but these were to some extent replaced by UNRRA. The significant fall in livestock numbers took place in the period 1949–51. During that time there was a decrease of 10 per cent in cattle, poultry, and sheep, and of 5 per cent in pigs. One of the reasons for these losses was the severe drought of 1950, but other causes are to be found in the Government's agricultural policy. Until recently the basis of this policy was to do everything to encourage co-operative and State farms, and at the same time to discourage the private peasants, with the object of forcing them to join co-operatives. The net result has been the decline in production seen in the above figures. The co-operatives, except those created by a few enthusiasts, were often founded by the poorer, less efficient (some said the lazier) sections of the community; credit in dinars was cheap and easy, but the machines, stock, and fertilizers that required foreign exchange were not available in sufficient quantities. The result has been that today about one-third of all co-operatives in Yugoslavia are showing a profit. At least half of the rest are uneconomic. This, after only three years' trial, is perhaps not such a bad result as it may at first appear, but the loss in production is one that the country can ill

afford in present conditions. But the lack of initial success h
tended to discredit the whole idea of co-operation, and the rigi
method of enforcement, involving penalization of the privat
peasants, has sapped the peasants' will to produce their utmost.

One of the brightest aspects of this difficult situation is the fa
that the authorities have now faced these problems and are willin
to discuss with great frankness past errors and possible solution
It is admitted that the OTKUP—or forced sale of produce to th
State at low prices—was one of the major reasons for peasar
recalcitrance. Until as late as the spring of 1952 private peasant
were also subject to arbitrary and excessive taxation, which agai
is admitted to have been bad policy. Moreover, private peasant
were given none of the aids to production, such as credit or th
possibility of buying or using machines, since the 6,000 tractors i
Yugoslavia are for the use of State and co-operative farms. Ad
to this the fact that until 1952 there were virtually no good-qualit
consumer goods to be bought in Yugoslavia except in the second
hand trade, and it can be seen that private peasants have had ver
little incentive to work hard. Some changes in this policy hav
already taken place. The OTKUP has been abolished and with
the rationing system, and peasants now enjoy a free market. Th
State is still a heavy buyer, but pays market prices. Shops in th
big towns are now full of good-quality consumer goods not see
in Yugoslavia since the war, and, as the difficulties of transpo
and distribution are overcome, these are expected to be mad
available in all areas. Schemes are also under consideration fo
making credit available to private peasants for productive purpose
and for allowing and encouraging them to use the machiner
fertilizers, and State advisory services formerly denied to them.

This year an interesting new attitude towards collectivizatio
and co-operatives has been adopted by the officials. The proble
is now being viewed from the practical rather than the doctrinai
standpoint. It is clear that Yugoslav leaders are still determine
to work towards the further development of co-operative—possibl
ultimately collective—farming. Many economic experts whos
politics are firmly opposed to Communism, or even to Socialism
agree that some form of co-operation is necessary to prevent gros
wastage in a country where holdings are as fragmented and varie
in quality as in Yugoslavia. The problem is what form co-operatio
shall take. Yugoslav officials are at present studying the experi
ence in co-operative farming of small-holding countries such a

Denmark. They are also exploring the possibilities of encouraging and extending the form of general co-operatives which had already taken root in Yugoslavia before the war. This should not be difficult, since, according to official figures, 97 per cent of all Yugoslav peasants are members of these general co-operatives. Until this year the general co-operatives have been the cinderella of the system, confining their activities mainly to buying and selling, which as long as the OTKUP lasted could only be on a very limited scale. With State encouragement, some credit, and the possibility of using foreign exchange for important purchases, it is now hoped that they will greatly extend their activities to include machine pools, breeding centres, sale of fertilizers, banking facilities, and so on.

At the same time, the heavy hand of rigid State control is being gradually lifted from the co-operative farms. They are now allowed to abolish the brigade system and to introduce family group holdings, and are guaranteed payment of rent for land. Payment is now on the basis of work satisfactorily completed rather than on the number of working days. Private shareholding is permitted and there are bonuses on profits. In fact, in both co-operative and private sectors the emphasis is now on incentives and efficiency rather than on dogmatic ideology.

This new official attitude in the economic field is in line with the political changes. To be successful it will have to be maintained over a long period, since the whole of Yugoslav life, political, economic, and spiritual, is now in need of a long period of recuperation so that a people whose vitality and capacity for hard work are exceptionally high can have time to regain the confidence sapped by four years of destructive occupation during the war and by the shocks and crude experiments of the post-war revolution.

P. A.

A Note on the Swedish-Russian Dis

Repercussions in Sweden

THE tendency of the average Swedish citizen right up t
was to regard foreign policy as a matter with which he ha
personal concern. A Government statement following on th
break of the first Russo-Finnish war towards the end of 1
the effect that it was 'a national duty for all and every one o
observe in our utterances and actions the discretion necess
order not to render the Government's work more difficu
dangerous' encouraged citizens in this 'spiritual neutrality
it was not until collaboration between the Western Powe
the U.S.S.R. ceased to function harmoniously after the s
World War and the Iron Curtain went down between Ea
West that a general malaise became noticeable, the feel
security induced by the formation of the United Nations Org
tion began to disappear, and the nation remembered with gr
alarm its exposed geographical position. Constant Russian att
at intimidation and attacks in the Russian press, as well as t
transigent attitude of the Soviet Union elsewhere, increase
uneasiness and awakened the people's intelligent interest
country's defence and in the conduct of foreign policy. As a
quence the Government's vigorous rearmament policy was
ally approved, and gradually the knowledge of Sweden's def
position re-established a feeling of greater security.

Thus the Swedish nation experienced a rude awakening
in the autumn of 1951, the discovery was made that a
commissioned naval officer had been passing on imp
technical information to a Russian Embassy official in Stock
The knowledge made available included details about
stations and landing facilities along the Baltic coast, as v
particulars about the fortress of Boden, Sweden's most imp
defence area in the north. The case created a tremendous
tion, and the accused was sentenced to life imprisonment,
being no death penalty in Sweden in peace-time. Security ar
ments were tightened in consequence, and the nation's coll
tion in preventing any further similar occurrences was asked
a public statement by the Prime Minister.

Only a few months later, however, a further case, of an

small consolation for the Swedes to reflect that the belated discovery of these activities, which had been carried on for more than ten years, may be due to greater watchfulness on the part of the security authorities, and that a stop may at last have been put to Russian efforts to penetrate Swedish defence secrets. At the trial on 31 July, much of which was held *in camera*, the leader of the spy-ring, Fritjof Enbom, a journalist, and his principal assistant were sentenced to hard labour for life, while four confederates received sentences ranging from seven years to eight months. In the course of the trial proof was given that Enbom had received remuneration from the Russian Embassy.

At the time when it was discovered that the Russian Embassy in Stockholm was once more involved in espionage activities, Swedish feeling was already running high owing to the unexplained loss on 13 June of a Dakota aircraft of the Swedish Air Force and, three days later, of a Catalina flying-boat which had been shot down by Russian fighter aircraft while searching for the missing plane. A number of Notes were exchanged between the two Governments, but Moscow refused to acknowledge any responsibility in the air incidents, nor was notice taken of the Swedish Government's request to withdraw the Embassy official involved in the espionage activities.[1] On 5 August, therefore, the Swedish Foreign Minister handed two further categorical Notes to the Russian Ambassador, one reiterating the Swedish request that the Embassy official should be withdrawn, the other repeating an earlier demand that the dispute concerning the fate of the two planes should be submitted 'to impartial examination by employing some international procedure'. At the same time Stockholm again repudiated the Soviet allegation that the Catalina aircraft had opened fire on the Russian plane, pointing out that the Swedish plane was unarmed, so that the Russian allegation stood 'rejected as absurd'. On the other hand the Swedish Note did agree with the Soviet contention that 'the protection of the frontiers of the Soviet Union against every violation is the Soviet Union's inalienable right and duty'—which, as the Swedish Note remarked, was 'the right and duty of every State'—but it added that this principle did not lend any support to the Russian refusal,

[1] In an interview between the Swedish Foreign Minister and the Soviet Ambassador the latter stated that the evidence brought forward at the trial regarding Soviet complicity in the espionage case had been supplied by provocateurs. This evidence involved members of the Soviet Secret Service and Diplomatic Corps.

based 'on the pretext that a violation of frontier had occurr
to co-operate in bringing about an international investigation. T
request for such an investigation was repeated, and the Note co
cluded by reserving the Government's full right ro revert to
matter in the form and at the time found suitable.

In view of the firm stand taken by the Swedish Government
these two Notes, it came as a shock to the nation when, five d
later, the Prime Minister and the Foreign Minister, in pub
statements, made what can only be described as a retreat from th
earlier position and explained that it was not in Sweden's inter
to submit the Russo-Swedish dispute to an international authori
M. Undén is probably correct when he states that it would
useless to apply to The Hague, since not only does no gene
arbitration agreement exist between Sweden and the Soviet Uni
but also the U.S.S.R. has not agreed to arbitration in this pa
ticular case. But the Foreign Minister's reluctance to submit
matter to either the Security Council or the Assembly is less ea
to understand. According to M. Undén, Sweden would be forc
to maintain before the Council that 'the continuance of the u
solved dispute with the Soviet Union endangers internation
peace and security' and 'would have to assume further that
majority of the Council would accept this definition of
situation'. The probable result, in the Swedish Governmen
view, would be a recommendation by the Council for both part
to agree on an investigation of the kind already suggested by
Swedish Government, there being little likelihood that
Security Council would itself investigate the dispute. Nor was
probable, M. Undén pointed out, that the Council would requ
the International Court of Justice to express an opinion, as le
difficulties would stand in the way. In the Swedish Governmen
view neither an appeal to the Council nor to the Assembly wou
in fact be of any practical value. M. Undén's statement admitt
that the two Opposition party leaders had expressed defin
views to the contrary, the one saying that the dispute should
submitted to the Council as it would not be advisable to appeal
the Assembly, while the other indicated that it would be preferal
to consult the Assembly. Both agreed that the matter should
submitted to the United Nations, thus appealing to public opini
and obtaining increased publicity for the Swedish cause. But
Undén himself was convinced that Sweden's case was in any eve
strong and that international public opinion was on her side; th

he said, nothing could be gained by appealing to the U.N.

These Government statements have aroused considerable indignation all over the country. As usual, the most violent reaction came from the Liberal *Dagens Nyheter*, which went so far as to demand M. Undén's head on a salver. But this time both the Conservative and the Liberal press seem to be agreed that it is too late to withdraw from the firm standpoint the Swedish Government assumed in its Notes of 5 August, and that an appeal to the United Nations would be the only logical consequence of a renewed Russian rejection of Sweden's protest. Both the Conservative and the Liberal leaders have publicly supported the idea that such an appeal should be made, since, as M. Hjalmarsson, the Right-wing leader, has pointed out, 'to go to the United Nations means that the Russians will be forced to defend their untenable standpoint before world opinion. We have nothing to fear. . .' It should be recalled that, as was mentioned earlier, the Swedish Government holds proof that Enbom was paid by the Russian Embassy. Proof also exists that the Swedish Communist Party was definitely involved in the espionage case. Informed opinion in Sweden believes that this revelation of complicity will be the death-blow to all but the hard core of the Swedish Communist Party.

Though in the past some of *Dagens Nyheter*'s violent attacks on the Government have produced the opposite result from that intended, there can be no doubt that this time the paper's indignation is shared, if more moderately, by the general public and the parliamentary Opposition. Proof of this can be seen in the repeated interviews lately given to *Dagens Nyheter* not only by Professor Ohlin, the Chairman of the Liberal Party, but also by M. Hjalmarsson. Leading Social Democratic papers are trying to defend the Government by reminding the public that the Swedish Note to Moscow had reserved the Government's right to take further steps; but there can be no doubt that the situation is serious and may well lead to the forced resignation of M. Undén from his position as Foreign Minister. A leader in *Svenska Dagbladet*, Sweden's leading Conservative paper, which usually shows a restraint similar to that of *The Times*, bluntly stated that the Government had acted against Sweden's real interests, and that obviously M. Undén was most anxious to eliminate the question of a Swedish appeal to the United Nations as quickly as possible. The article went on to point out that the Swedish Note

of 5 August made it clear that Sweden reserved her freedor action. M. Undén's statement had now closed the door to possibility. 'The Government must be aware that public fee is such that the vast majority, regardless of party, definitely rej the idea that the question of the shooting down of our pl should, practically speaking, be dismissed and that on no acc should Sweden submit it to the United Nations. . . Would it be time now to make the change in the post of Foreign Min which ought to have been seriously considered two years ago, which was not carried out at that time?'

When it is remembered that the General Election is due to place in the autumn, the political implications of the crisis wl has so suddenly occurred in Sweden appear of even greater portance that would otherwise be the case. At present the Gov ment consists of a coalition between the Social Democrats and Farmers' Party, and it has an overall majority of 54. Prev to this coalition, when the Social Democrats governed alone, t situation was extremely precarious, since, not counting the e Communists, the Opposition numbered 110. Any loss of seat the Social Democrats might therefore seriously affect the bal of political power in Sweden.

A. H. I

Japan's Economic Recovery

JAPAN'S economic situation at the end of the war was extrer poor. War industries were closed down immediately after the render and, as always happens in times of depression in Asia, m workers left the urban industrial areas; much industrial equipn had been destroyed by bombing or scrapped during the war, what remained was unevenly distributed and in poor condit raw material stocks were being rapidly exhausted, and the los colonial sources of supply and of shipping and allied control trade made restocking difficult; coal production, which declining even before the end of the war, dropped sharply; tr port was inadequate and disorganized by bombing; the food sh age was acute; the market was starved for consumer goods

black markets flourished; there was a mounting inflation. In the words of the American policy statement on Japan, made public on 22 September 1945, 'The policies of Japan have brought down upon the people great economic destruction and confronted them with the prospect of economic difficulty and suffering.' And the statement continued: 'The plight of Japan is the direct outcome of its own behaviour, and the Allies will not undertake the burden of repairing the damage.' The United States, in fact, at this stage merely provided relief supplies of food to prevent starvation, disease, and unrest.

During the next two years the slow pace of industrial recovery and the rising spiral of inflation made it increasingly clear that this policy would have to be altered if the Japanese people were ever to reach the standard of living prevailing during the period 1930–34, which was the aim set by a directive of the Far Eastern Commission issued on 23 January 1947. Two reports published in the spring of 1948, one prepared by Overseas Consultants Incorporated, commonly called the Strike Report,[1] and the other from a group of prominent American business men, known as the Johnston Report,[2] urged that the United States should, in its own interest, assist in the industrial recovery of Japan. As a result of this change in American thinking the U.S. Government drafted an Economic Stabilization Programme for Japan. This aimed at a balanced budget, the restriction of credit, wage stabilization and price controls, the improvement of foreign trade controls, and increases in the production of raw materials and manufactured goods. U.S. aid was to be made contingent on Japanese efforts to improve their economy according to this programme. In February 1949 Mr Joseph Dodge arrived in Japan to advise on its implementation; and economic developments in post-war Japan tend to be dated as before or after the introduction of what came to be known as the 'Dodge line'. American financial aid, which was extended to promote Japan's self-sufficiency, totalled nearly $520 million for the financial year 1948–9, $440 million for 1949–50, and $320 million for 1950–1. In addition Japan has, since the outbreak of the Korean war, had the opportunity—of which she has taken full advantage—of earning more than $500 million for services and materials needed by the United States in connexion with their

[1] *Report on Industrial Reparations Survey of Japan to the United States of America.* Overseas Consultants, Inc., New York, February 1948.

[2] *Report on the Economic Position and Prospects of Japan and Korea and the Measures Required to Improve them.* Washington, April 1948.

military operations. As a result of this infusion of dollars indu activity is now some 140 per cent of the average for 19 In December 1951 the index figure for wholesale prices had to 356·2 (1934-36 average = 1), and industrial wages have or less kept pace with this. The general standard of living, how is still estimated to be below pre-war levels. This is the result number of factors of which one of the most important is the increase of the population, which has risen from some 64 mi in 1930 to 85 million in February 1952.

FOOD AND AGRICULTURE

One of the earliest measures initiated by the occupation autl ties after the surrender was the land reform programme. Bec of its mountainous character only 16 per cent of Japan's total is arable land, and, despite intensive cultivation and the heavy of fertilizers which together make Japan's yield of rice per acr highest in Asia, the country produces only about 80 per cent normal food supply. A large proportion of the land was in hands of absentee landlords, and in 1946 some 70 per cent of farming population were tenant-farmers, mostly heavily in Under the land reform programme absentee landlords were fo to sell all their land to the Government, while non-cultivating dent landlords had to sell all but one cho[1] (or four cho in Hokk the northernmost of the home islands, where farming is la pastoral) and farmers cultivating their own land all but three (twelve in Hokkaido). The owner-cultivator was permitte retain land in excess of three cho if he could cultivate it withou of hired labour, or if subdivision of his holdings would reduc productivity. The land purchased by the Government was re to the tenants at a fixed price which could be paid over thirty y at 3·2 per cent interest, and rent on the one cho that a farmer permitted to lease was limited to 25 per cent of the crop on pa fields and 15 per cent on uplands.

This land reform has done much to relieve the burden on peasants, but the three-cho limit on holdings provides only a subsistence. It does not, however, appear to have had much e on total agricultural output: rice production, which in the post-war years was a little below normal, in 1949-52 rea the average production for the good years 1936-39 (nearly 12 lion metric tons of paddy or paddy equivalent), but has

[1] One cho = 2·45 acres.

exceeded the bumper crops of 1933–34 and 1939–40, when pro duction was over 12 million metric tons.[1] Production of whea oats, sweet potatoes, and other items has, however, increase sufficiently to bring Japanese food production some 10 per cen above the 1930–34 average, while the fishing catch is rapidly re covering. In 1950 the deficiency in the Japanese supply of rice wa estimated at 16·3 million koku (2·45 million metric tons). Some c this was made up through imports, which in 1950 totalled o· million metric tons of rice, but the present (1951–52) level of foo consumption is still only 1,978 calories per capita per day com pared with the 1936–40 average of 2,280.

The Government's aim is to make Japan more self-sufficient i foodstuffs by increasing home production. A ten-year plan pro posed by the Ministry of Agriculture and Forestry estimated tha by 1960 rice production could be increased by 38·7 million kok (5·8 million metric tons, or nearly half as much again), which, eve allowing for the expected increase in population, would almos cover the estimated deficit at that date. The increase was to b achieved by means of irrigation projects, by the consolidation c some 74 per cent of present cultivated land, and by the reclamatio of 2 million cho of new land. Whether these plans can in fact b carried out is doubtful.

Fish is an important item of food in Japan. Because of the loss c fishing boats, the decline in the number of fishermen, and othe factors, the catch in 1945 was some 547 million kan (1 kan = 8·27 lb.) compared with an annual catch during 1936–41 of 1,20 million kan. The fishing fleet was rapidly rebuilt after the war, s that in spite of the so-called MacArthur Line, which limite Japanese fishing grounds to some 40 to 60 per cent of their pre-wa area, the catch rose to 746 million kan in 1948 and 897 million ka in 1950. By 1951, with a catch of some 1,000 million kan, Japan ha nearly regained the pre-war level, besides leading the world in fis production. For the first time since the war Japan was permitte to send a whaling expedition to the Antarctic in 1947–48, and th first Japanese whaling expedition to the North Pacific left th country in July 1952. With the coming into force of the Peac Treaty the limitations of the MacArthur Line were abolished, bu a tripartite North Pacific fishing convention concluded by th United States of America, Canada, and Japan on 9 May 195

[1] Japanese statistics, though the most extensive in Asia, should be treate with some caution.

aims at the regulation and control of fishing in that area. A reco catch of 18,000 salmon was reported to have been made on 1 Ju by the Taiyo fishing fleet, one of three fleets which last May beg salmon fishing in the North Pacific waters for the first time sin the war. The Fisheries Board reported that the first expedition these waters for ten years caught a total of over 960,000 salm between 11 May and 30 June.

TEXTILES

Apart from agriculture, forestry, and fishing, in which half t working population of Japan is employed, the most importa industry is the manufacture of textiles. Textiles, especially cotto form nearly half the country's total exports. The quantity of cott grown in Japan is negligible compared with her mill requiremen and raw cotton is therefore one of the principal imports, compri ing before the war on an average some 20 per cent of the value total imports. In 1937 the industry had over 12 million operab spindles, though only some 8 to 9 million were regularly employe by 1946 the number was down to about 2½ million, the rest havi been destroyed, damaged, or dismantled during the war. Loom which in 1941 numbered nearly 400,000, were reduced to a thir

After the surrender the cotton industry was chosen as one of t first to be rehabilitated, and the first raw material to be import was cotton, mostly from the United States, where there were lar Government-held stocks. The number of spindles to be operat was at first limited by SCAP to 4 million, but this restriction w lifted in June 1950 and since then the cotton industry has be recovering rapidly and production and exports are now approac ing pre-war levels. At the end of 1949 the number of spindl installed was still only 3,736,200; but by the end of 1951 it h reached 6,426,000, of which over 5½ million were operating. Pr duction of cotton yarn rose from 266·4 million lb. in 1947 346·9 million lb. in 1949, and by 1951 totalled 742·4 million lb pre-war production averaged between 1,000 and 1,500 million l a year. Exports were 21·2 million lb. in 1949, 23·6 million lb. 1950, and 27·1 million lb. in 1951, compared with pre-w exports which reached a peak of 85 million lb. in 1939 but we normally only about two-thirds of this figure and in 1933 we only 33 million lb. The number of looms increased proportionatel and in July 1951 the number installed was 276,768, although on 154,295 of these were said to be in operation. Production of clo

e from 662·2 million square yards in 1947 to 984·8 million
uare yards in 1949 and 2,179 million square yards in 1951, of
ich 1,080 million square yards were exported. Pre-war pro-
ction was about 3,500–4,500 million square yards a year, of
ich 2,200–2,600 million square yards were exported.
The 1951 exports of 1,080 million square yards were the highest
the world (British exports totalled 865 million square yards).
e removal of the limit on spindleage and the outbreak of the
rean war, with the 'special procurements' it brought, gave a
ip to the industry, but in the spring of 1952 it suffered a con-
erable setback. Exports slackened with the diminishing world
rket for cotton goods, and this resulted in over-production,
clining prices, and mounting stocks; cases of dumping have been
orted. The British decision on 27 March 1952 to suspend
ports of unbleached cotton cloth from Japan (in 1951 84 million
are yards of Japanese greycloth were imported) came on top of
port cuts by Australia, South Africa, Singapore, and other
anese textile markets. Restrictions on the production of cotton
re therefore enforced, and a monthly ceiling of 60 million lb. of
n was advised; even this ceiling has not always been reached.
t is claimed that conditions in the cotton industry are now much
ter than before the war, and that whereas wages used to be
er than the national average for industrial workers, they are now
her; they have in fact doubled in the last two years. Whether the
ustry can regain its pre-war importance and predominance is
certain in view of the disproportionate rise in prices, following
se in real wages and in costs as well as in the price of raw cotton,
which Japan now relies on the United States. Moreover, many
er countries are following Japan's example in making the cotton
ustry the starting-point of their industrial expansion. Pakistan,
of Japan's best markets in 1951, is a case in point.
The export of wool was always on a smaller scale than that of
ton, and, as with cotton, production dropped considerably
ing the war owing to scrapping of equipment and war damage.
some time after the war not much progress was made: imports
aw wool, on which the industry depended, were not resumed
il 1949, much later than the import of raw cotton. Since then,
l with the gradual rehabilitation of equipment, production has
reased, and in 1951 production of woollen yarn was 112·9
lion lb. compared with the peak of 155 million lb. in 1936.
ports of woollen yarns and fabric, never very large, represented

5·4 per cent and 13·5 per cent of the average annual domes output in the years 1933–39, and in 1949 the proportion of expo remained almost the same, though the volume was naturally onl fraction of the pre-war average. Exports of woollen and worst yarns was 1 million lb. in 1951, compared with the peak of 8 million lb. in 1936, and that of woollen and worsted fabrics w 9 million square yards compared with the 1936 peak of 46 million square yards. The loss of the principal pre-war exp markets in Manchuria, Korea, and North China is mainly r sponsible for this decline.

The full-scale development of the Japanese rayon industry to place in the 1930s, and by 1938–39 the annual production of ray staple was over 300 million lb. and second only to that of Germar Production of rayon, as of other textiles, fell considerably duri the war, and rehabilitation of the industry was slow, partly owi to the coal shortage and the difficulty of obtaining rayon pulp. was not until 1950 that output began to show appreciable progre in that year production of rayon staple fabrics was 209·6 milli square yards compared with the 1938 peak output of 958 milli square yards, and that of rayon fabrics 397 million square yar compared with the 1937 peak output of 1,034 million square yar By 1951 production had reached 322·8 and 487·7 million squa yards respectively. The rayon companies are also developing pr duction of other synthetic fibres, chiefly vinylon and amilan (n being produced at the rate of 17·5 and 5 tons a day respectivel which will, it is hoped, compete successfully with nylon. Expo of all synthetic fibre fabrics in 1951 was 295·3 million square yar

The silk industry in Japan has, of course, been seriously affect by the development of nylon, quite apart from the setbac suffered during the war, when mulberry fields were converted food production. The mulberry acreage fell from 533,918 cho 1940 to 214,217 cho in 1945, and cocoon production was reduc from 81,546,000 kan in 1940 to 23,703,000 kan in 1945, while r silk output dropped even more sharply, partly owing to t scrapping of equipment. In spite of SCAP's efforts, immediat after the surrender, to restore silk exports, the rehabilitation of t industry was rather slow; in the early years after the war silk w expensive to produce and it was more profitable to grow food th to reconvert to mulberries, and, apart from the change in popu taste, the high prices did not tempt buyers in the United Stat which was the principal pre-war market. Production of raw silk

;1 was 2,861,408 kan, compared with a peak production of 064,894 kan in 1934; exports of raw silk in 1951 were 9·4 lion lb. (cf. a peak of 73·7 million lb. in 1931), and of silk fabrics million square yards (cf. 140·8 million square yards in 1935).

IRON, STEEL, AND COAL

apan has few resources in raw materials: apart from copper re are no important mineral deposits in the country. The most ous deficiency is the lack of supplies of good coking coal and of 1 ore. In 1935–39 an average of 85 per cent of the total Japanese sumption of iron ore had to be imported, and though in 8, when imports of iron ore were resumed, the proportion smaller, imports again constituted about 78 per cent of the d supply in 1950 and 82 per cent in 1951. The source of these orts had changed: whereas in 1935–39 some 37 per cent came n Malaya, 18 per cent from China, 13 per cent from the lippines, 7 per cent from Korea, and 3 per cent from India, in first half of the fiscal year 1951 some 27·9 per cent was imted from the Philippines, 27·7 per cent from Malaya, and 8 per cent from the United States. The loss of China and Korea a source of supply, coupled with the increased reliance on orts from the United States involving much greater transport ts, has been a factor in producing higher prices; the price of iron might be reduced by 12 per cent if China and Manchuria ld replace the American continent as a source of supply.

n the first three years after the surrender output of iron and l remained very low, owing to the shortage of domestic coal and ssential imported raw materials, such as coking coal and iron . There were no imports of coal and coke until July 1947, or of 1 ore until February 1948, and even then they were only a frac- of the average pre-war imports. Government subsidies and the rean war greatly helped the rehabilitation of the industry. The rp increase in output since 1948 is shown in the following table:

PIG IRON AND INGOT STEEL OUTPUT
(in thousands of metric tons)

	Pig Iron	*Ingot Steel*
1930–34 average	1,272	2,724
Peak	4,256 (1942)	7,630 (1943)
1946	208	557
1947	344	952
1948	808	1,714
1949	1,549	3,111
1950	2,233	4,839
1951	3,127	6,502

rce: *Japanese Economic Statistics*, May 1952, Annex 1, page 36)

Output of recent years has thus greatly exceeded the 1930–34 average, and though it has not yet reached the war-time peak it nevertheless far surpasses the output level recommended in the early days of the occupation in the Pauley report,[1] which proposed the retention of plant sufficient to produce only 2½ m. metric tons.

The iron and steel boom at the beginning of the Korean war was the result of increased exports and of special procurements (the requirements of the U.S. for the Korean campaign). From July to December 1950 special procurements totalled about 220,000 tons, and exports 470,000 tons, an increase of 82 per cent compared with the first half of the year. But the special procurements began to decline in October 1950, and in the first quarter of 1951 they represented only 17 per cent of the total for the three months July to September 1950. In December 1950 shipments to Communist China, which in November had amounted[2] to 30–40 per cent of total exports of iron and steel, were suspended, and although they were replaced by an increased demand from the United States and Argentina, among others, the prices were not so advantageous. Later in the year rearmament in Western Europe brought larger sales to the sterling area, and increased demand is also expected as a result of post-treaty economic co-operation with the United States and of the proposed industrialization of South-East Asia.

Japanese deposits of coal are mainly of poor quality, and the high-grade coking coal essential for the steel industry has to be imported. The peak figure for imports of coal was 10·1 million tons in 1940, but in 1951 imports only amounted to 2 million tons. In 1940 some 37·5 per cent of the imported coal came from North China and Inner Mongolia, 32·9 per cent from Karafuto (Sakhalin), 14·5 per cent from Korea, and 7·6 per cent from Manchuria; these sources of supply are now closed to Japan, and in the first half of the fiscal year 1951 some 69·3 per cent of coal imports came from the United States, 30 per cent from India, and most of the rest from Canada. As with iron ore, this reliance on the North American continent and on other distant sources results in higher prices and heavier freight charges.

The coal-mining industry was decontrolled in September 1949 but did not make a rapid recovery until the outbreak of the Korean war when demands increased considerably. Stocks declined to

[1] *Report on Japanese Reparations to the President of the United States*, by Edwin W. Pauley. Washington, November 1946.

[2] Including shipments to Hong Kong, a proportion of which were destined for China.

le over 1 million tons at the end of 1951 and basic industries
:h as iron and steel, ammonium sulphate, and the gas industry
gan to suffer from a shortage of suitable coal. Total production
1951 amounted to 45,850,000 tons, some 8 million tons more
in in 1950 but over 11 million tons less than in 1940, while
ports were 2,011,000 tons, over twice the 1950 total. (In 1940
oduction was 57 million tons, and imports 10 million tons.) The
gets for 1952–53 and 1953–54 are 49 and 53 million tons.

SHIPBUILDING

Before the war, the Japanese merchant fleet was the third largest
the world: at the outbreak of war it amounted to 5,916,000 tons
steel ships of 500 gross tons and over; at the end of the war only
ne 700,000 gross tons of serviceable shipping remained. After
: surrender the construction of steel ships and wooden vessels
over 100 gross tons was put under the control of the occupation
horities, and in the first three and a half years Japan built
v ships of over 3,000 gross tons. In the first two years after
: war the majority of ships constructed were fishing vessels: of
) ships aggregating 336,949 gross tons constructed up to 31
irch 1948, 692 were fishing vessels, representing a total of some
),000 gross tons. By then the rehabilitation of the fishing fleet
s nearly completed, and with the introduction of the 'Dodge
e' in early 1949 the main emphasis was transferred to freighters
l tankers. The construction of larger ships was authorized, and
ween 1949 and 1951 Japanese shipyards turned out more than
) larger ships aggregating 730,000 tons. In the nine months from
April 1951 to the end of the year alone a total of 189 ships
4,748 gross tons) was built, which included 36 freighters
5,130 gross tons) and 5 tankers (24,755 gross tons), as well as
ships (15,416 gross tons) for foreign buyers. Though this cannot
npare with the peak figure of 1,845,000 tons of steel and wooden
ps built in 1944, nevertheless by the end of May 1952 it was
imated that with a merchant fleet tonnage of 2,640,000 gross
is Japan's shipping ranked eighth in the world. The shipyards
ve also received more foreign orders in recent months.

Japanese shipbuilding techniques are not yet up to international
ndards, but the industry is making every effort to modernize its
acity. Little or no progress was made during the war in electric
lding and block assembly methods, but the larger and more
cient shipyards which have survived post-war difficulties are

learning new techniques, enlarging their welding workshops installing large cranes, and importing automatic welding machines Owing chiefly to the high price of Japanese steel the prices o Japanese freighters and tankers are respectively 30 and 20 per cen above the international level, but delivery can be made much mor quickly than by other countries. Japanese shipbuilding circles ar said to expect that Japan will take fourth place in the world's con struction of tankers by the end of 1952 when 30 large tanker aggregating 400,000 gross tons will have been built.

Before the war about 60 per cent of Japan's foreign trade wa carried in Japanese bottoms. In 1951 the proportion was onl about 30 per cent, representing 7,437,376 tons of goods an 2,454,305 tons of oil in all, but this was double the total carried i 1950, and during the year the proportion was steadily rising; b December it was over 40 per cent. The ocean shipping services ar now active again, and two of the last services to be reopened, thos to Australia and to Indonesia, were resumed during the summe of 1952, while two new 10,000 ton freighters were launched at th end of May for service on one of the most profitable routes, tha between Japan and New York. The Ministry of Transpor announced that at the beginning of June 268 vessels aggregatin 2,508,396 deadweight tons were operating on overseas servic routes, representing a sixfold increase on the period before th Korean war. But it must be recalled that some 70 per cent of thes are out-of-date vessels with speeds of under ten knots, which unde a proposed five-year plan are due for replacement.

FOREIGN TRADE

Japan is not self-sufficient in either foodstuffs or raw materials and her overseas trade is therefore vital for her prosperity. Th occupation policy statement of 22 September 1945 laid down 'Japan shall be permitted eventually to resume normal trad relations with the rest of the world. During occupation . . . Japa will be permitted to purchase from foreign countries raw materia and other goods . . . and to export goods to pay for approve imports.' Foreign trade, first resumed under close Allied control extended only gradually; in April 1949 a fixed exchange rate o 360 yen to the U.S. dollar replaced the various rates of conversio for different sorts of goods which had previously existed, and th export and import trades were put on a private basis from 1 Decem ber 1949 and 1 January 1950 respectively. By February 1950 Japa

	Peak year	1945	1946	1947	1948	1949	1950	1951
Electricity (millions of K.W.H.)	34,525 ('43)	20,983	27,062	30,259	32,701	36,559	39,123	41,434
Coal (1,000 metric tons)	56,472 ('41)	29,880	20,335	27,234	33,726	37,973	38,459	43,312
Pig iron (1,000 „ „)	4,256 ('42)	977	208	344	808	1,549	2,233	3,127
Steel ingot (1,000 „ „)	7,630 ('43)	1,963	557	952	1,714	3,111	4,839	6,502
Petroleum (1,000 kilolitres)	1,973 ('37)	241	192	145	154	163	1,560	2,891
Lumber (1,000 koku)	43,766 ('41)	19,382	21,145	27,865	32,338	32,414	33,469	51,152
Raw silk (1,000 kan)	12,065 ('34)	1,161	1,408	1,766	2,127	2,582	2,370	2,861
Cotton yarn (million lb.)	1,586 ('37)	52	129	266	275	347	525	742
Cotton fabrics (million sq. yds)	4,826 ('37)	55	244	662	923	985	1,542	2,179
Rayon fabrics („ „ „)	1,034 ('37)	6	42	46	40	120	397	488
Calcium superphosphate (1,000 metric tons)	1,699 ('40)	24	160	709	956	1,162	1,408	1,506
Sulphuric acid (1,000 „ „)	3,646 ('40)	678	915	1,474	1,947	2,584	3,248	3,789
Rubber goods (1,000 kg.)	74,000 ('34)	15,000	18,593	15,594	23,894	32,397	60,740	63,352
Cement (1,000 metric tons)	6,075 ('40)	1,176	928	1,232	1,854	3,275	4,457	6,548

Source: *Japanese Economic Statistics*, May 1952, Annex 1.

had entered into reciprocal trade arrangements with nineteen different nations, and today she trades once more with nearly all parts of the world. Exports in 1951 totalled U.S. $1,354·5 million and imports $1,995 million. The figure for imports includes American aid to a value of $180 million, and the rest of the adverse balance is offset by invisible exports, in particular by special procurements for the Korean war and the money spent by U.S. forces in Japan.

Nevertheless, some major weaknesses still exist. In the first place, the volume of imports is still about half the average for 1934–36 and that of visible exports is even less, though both have increased over 1950, when the value of imports was $974 million and of exports $820 million. In the second place there has been too great a dependence on the sterling area for exports—with the result that Japan's sterling balances now reach £100 million—and on the U.S. for imports (a third of Japan's imports in 1951 was from the U.S.), which, if special procurements should cease and large numbers of U.S. troops should leave Japan, would result in a serious dollar deficit. All these difficulties are to some extent due to the loss of valuable markets and sources of supply in China, Manchuria, Mongolia, and Korea. An effort is being made to expand trade with South-East Asia instead, but Japanese merchants still cast longing eyes in the direction of China. In the first half of 1952 tightened import restrictions, especially in sterling area countries, and the general slackening in world markets has caused Japanese exports to fall off. The effect of this has been felt in Japanese industry, and some curtailment of production has been necessary.

It is not possible within the space of this article to do more than indicate the main trends of Japanese economic recovery. The indices of industrial activity and production of the Economic Stabilization Board show that in December 1951 industrial activity was 143·8 per cent and industrial production 137·4 per cent of the 1934–36 average. As, however, production in Japan was in general increasing very rapidly in the 1930s and early 1940s, a truer indication of the situation is perhaps given by the table on p. 403 which shows annual post-war production in some key industries as compared with the peak year before the surrender.

O. O.

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Notes of the Month

...volution' in the Middle East

THE tempo of change in Egypt has been quickened by General ...gib's dismissal of the civil Government led by the cautious Ali ...hir and his personal assumption of the Premiership on 7 ...ptember. The new Minister of State for propaganda, an ...reme nationalist of leftist tendencies, has described the new ...binet as the 'high committee of the revolution', a title justified by ... arrest of some fifty political personalities which coincided with ... formation. The Land Reform Law issued on 9 September ...its estates to a maximum of 200 acres, with an additional ...wance of fifty acres each to not more than two sons; the com...lsory purchase of the surplus is spread over a period of five ...rs, with interim taxation upon it at five times the normal rate, ...l the scale of compensation is estimated at under 40 per cent of ...ent market values for land. The smallholders to whom the land ...l be redistributed will repay to the State in thirty annual ...talments the compensation paid to the landowners plus 15 per ...t to cover the cost to the State of expropriation and redistribu...n, with interest at 3 per cent per annum. Rents and crop-...ring arrangements are also regulated. Warnings have been ...ed that there must be no disorder in the countryside while ...se long-overdue reforms in an extremely inequitable system of ...d-tenure are carried out, for there is an evident risk of arousing ...rdinately the expectations of Egypt's land-hungry millions. ...e beneficiaries of these reforms are to be organized in each ...age in an agricultural co-operative; and great responsibility ...l attach to the officials selected by the Ministry of Social ...airs to supervise the co-operatives' handling of functions ...herto performed by the estate-managers—such as the distribu...n of irrigation-water and fertilizers, and the maintenance of ...cialized standards of cotton production, the mainstay of the

national economy. Only if the 'revolution' releases a public spirit which has hitherto been deficient does there seem much chance of grappling with Egypt's immense economic and social problems.

The formation in Syria at the end of August of a flamboyantly described Arab Liberation Party (*Hizbu't-Tahrir al-'Arabi*) followed the suspension of the Syrian political parties by the military dictator, Colonel Shishakli, in April, and evidently represents a bid for the leadership of the whole Fertile Crescent. In Lebanon—the most sophisticated country in Arab Asia, thanks to the links connecting the Christian half of its population with the Latin Western Mediterranean—Bishara al-Khuri, who had just completed his ninth consecutive year as President of the Republic, was compelled to resign on 18 September. Until Parliament could meet on the 23rd to elect his successor, authority was temporarily vested in a Cabinet headed by the Commander-in-Chief, General Fuad Shihab, who had belatedly joined those pressing for the President's resignation when he realized that the Army generally was inclining towards the Opposition.

This opposition began to take shape when the struggle between the partisans of independence and those who favoured a closer connexion with France was resolved by the ending of the French mandate. Beirut has enjoyed prosperity, at any rate for a limited circle of the population, not only as the port for trade between the West and Syria and Iraq, but as an uncontrolled clearing-house for those discreet financial transactions which can yield such profits at a time when Governments are at pains to restrict the movement of currency. Outside the capital the coastal strip and the terraced slopes of the Lebanon range are cultivated at a Mediterranean rather than a Middle Eastern standard of efficiency; but population-pressure on the cultivable land is intense and no longer relieved appreciably by emigration. The peasantry are manipulated politically by the big rural families and the leaders of the many religious sects; the large working class in Beirut (which includes thousands of rootless Armenians) is a fertile seedbed for Communism; and unemployment has been increasing on account of the Arab League's boycott of Israel and of the independent economic policy pursued by the Syrian Republic. Perched on these deteriorating foundations Bishara al-Khuri has hitherto been the all-too-solid symbol, amid the virtually meaningless coming and going of cabinets, of the irresponsible supremacy of the mercantile, financial, and landed oligarchy of this latter-day Phoenicia.

'he Opposition, which fought the elections of 1947 and 1951 inst substantial administrative odds, draws its leadership nly from those younger members of the prominent families) have realized the need for reform. Kamal Janbalat (Jumblatt),) had resigned ministerial office to form his 'Progressive ialist Party', had this year intensified his attacks on the sident for his toleration of widespread maladministration and uption. After the Egyptian *coup d'état* in July, Sami as-Sulh's vernment sought to conciliate its critics instead of muzzling press, as previously; but its request to be granted exceptional vers for six months, ostensibly to carry out comprehensive rms on the new Egyptian model, aroused the suspicions of haps a majority of the Parliament, and the Government dis-grated. The proclamation of a general strike by the 'Socialists' 15 September precipitated the desertion of Bishara al-Khuri by politicians. The temporary head of the State, General Shihab, imself identified with the ruling oligarchy, but it is doubtful ther he will resist the reformist politicians who at present have initiative and popular support. Whether they can permanently ice the arbitrary power of the oligarchs is another question. efore the upheavals in Egypt began in July, the General tion in Iraq, scheduled for the beginning of October, was not ected to produce much change in that country's conservative iamentary representation; but the lower middle-class 'revolu-' is creating such commotion in the Middle East that it would rash to prophesy. Even in the isolated Yemen the ultra-servative Imam was reported to have forbidden listening to idcasts in coffee-houses when he learned of King Farouk's rced abdication.

pects in Argentina

'WO recent events in Argentina have undoubtedly cleared away h of the uncertainty that has made political and economic casts so nebulous of late. The death of Señora Eva Duarte de in, the wife of the President, will probably be found to have red the political air; and the rains which have broken a drought ome two years have come just in time to avoid serious food tages and possibly economic disaster.[1]

'o touch on the latter subject first, the abundant, and even

[1] ee 'The Argentine Façade' and 'Reforms in Argentina,' in *The World* y, January and April 1952.

excessive, rains over the principal agricultural regions give promise of agricultural recovery and improved food supplies. There can be no great change in grain supplies until harvest time at the turn of the year, and the rebuilding of cattle stocks must of course take longer still, but the rains have brought confidence and some optimism. Eventually, there is even promise of some improvement in foreign trade, since negotiations for meat and other exports are no longer pointless.

Combined with General Perón's much-publicized revision of his economic policy to favour agriculture with first-priority official assistance, the rains have started what promises to be a cycle of improvement, after five years or so of decided deterioration. It is true that high-speed inflation is still the principal enemy of the General's economic plans, but it is possible that abundant harvests, if they can be achieved, would help to check the rate of ascent. In any event, General Perón will gain considerable support for his reforms of policy, and he will doubtless claim credit for the effects of the rain as successfully as he blamed the shortages on the drought. Since it may fairly safely be assumed that such a drought will not recur for some years, it would seem that General Perón and his regime have survived the crisis. There is no apparent reason why he should not remain in power for years.

The death of Señora de Perón was untimely in that she was approximately only thirty years old; and it has been the subject of some reporting distressingly in keeping with the succession of articles that sought to 'glamorize' her personality when she was alive. It is nobody's desire to speak ill of her, but if her political significance is to be assessed it is necessary to remove certain false impressions.

Within the Peronista movement there were two principal elements: those who supported Señora de Perón in all she did, consisting largely of the trades union leaders; and those who disapproved of her activities, notably the Army and, it is said, the Church (both institutions in which there is little scope for the activity of women). Her death provides her supporters with a martyr and removes a serious embarrassment from the other faction on whose favour the continuation of the regime may be said ultimately to depend. In this respect it must be said that her departure from the political scene was timely: and it is characteristic of her that only death could take her from her great vocation.

In some respects Eva Duarte de Perón was before her time in
rgentina. She was the first woman ever to take a really active,
ilitant part in rough-and-tumble politics in a nation which has
ways been staunchly Latin, not to say Oriental, in its conception
women. Part of her tremendous popularity was engendered by
eer amazement. She first assaulted her audiences and then
ooed them. She also ploughed through many conventions, and
ade enemies among conventional people; but she was a person in
iom ambition was stronger than tact, and it is doubtful whether
e would have escaped the ultimate vengeance of those whom she
sulted, however unwittingly.

It is probable that in future years Eva Duarte de Perón's
ntribution to Peronismo will be seen as negative. She destroyed
rtain restrictions and conventions, but she created very little of
iting value: nothing, that is, that General Perón did not have a
nd in. General Perón is the strong, creative man. Alone, it is
rtain he will receive more whole-hearted support from the
ctors who did not approve of the activities of his wife. Far from
e regime being weakened by her death, it is in all probability
eatly strengthened by the removal of a somewhat embarrassingly
volutionary character. Politically, therefore, as well as economic-
y, there seems to be no obstacle to a long spell of Peronismo.

e New West German Co-Determination Law

DISCUSSION in this country of the rights and wrongs of the
urn of his huge private fortune to Herr Alfried Krupp, owner
the greatest industrial combine in pre-war German heavy
lustry, has concentrated on the apparent cynicism of Allied
licy, which not only freed from prison before the completion
his sentence, but also compensated, an ex-Nazi millionaire
itenced by a United States tribunal in Nuremberg. In Germany
e principle of compensation to owners of industrial concerns
luded in the reorganization of heavy industry is accepted as a
tter of course. Both employers and workers are primarily
icerned with getting their industries going again. The Allies
ve, however, returned to Herr Krupp his vast fortune in cash
l not in shares, and believe that they have made it impossible for
n to acquire new shares in the companies into which the com-
ie has been broken up, at least for the next five years. But lasting
eguards against the 'excessive concentration of economic
wer' in Germany can only be evolved by the Germans them-

selves, which gives particular interest to the efforts of the G Federation of Trade Unions to obtain a share in the cont industry. The Trade Unions claim that the achievement right of co-determination (*Mitbestimmungsrecht*) in industr prevent the rise of another dictatorship supported, as in 19 industrialists like Krupp and Thyssen.

An earlier article in this periodical[1] described the Co- mination Law of 21 May 1951 which gave to the workers newly reorganized iron, steel, and coal industries parity sentation with the employers on the Supervisory Boards *sichtsrat*) and a Labour Manager as an equal member Executive Board of Management (*Vorstand*). A further La passed on 20 July 1952. This Law (*Betriebsverfassungsg* which runs to no less than ninety-two paragraphs, applies remainder of German industry but excludes publicly o enterprises, which are to be the subject of separate legisl

The Law defines workers' participation in industrial ma ment. Elected workers' councils have a voice in deciding such as working hours, holidays, and wages. The prov covering these apply to all concerns employing more tha workers, or more than ten in agriculture and forestry. In firms the workers' councils also deal with personnel m Secondly, in firms with more than a hundred employees the to be joint committees of labour and employers which meet larly to discuss the current state of business, though the emp need not discuss matters which would, in his view, endang company's trading position (*Betriebs-und-Geschäftsgeheim* Lastly, in all joint stock and also certain other companies em ing more than five hundred, the workers must elect one-th the members of the Supervisory Board which, under Ge company law, appoints and supervises the Executive Boa Management.

The German Federation of Trade Unions strongly oppose Bill at all stages. They opposed it most of all, of course, be unlike the earlier law for the heavy industries, it does not gra workers parity of representation. They pointed out, too, under the new law workers' councils would have fewer power they already possess under existing legislation in some o Länder. The Unions also dislike the fact that at least two

[1] 'Managerial Revolution in Western Germany', in *The World Today* 1951.

workers' representatives on the Supervisory Board must be elected by the employees of the particular firm; their aim had been equal representation with the employers on the Board, two of the workers' members to be elected by the employees of the firm, the remainder to be nominated by the Unions and removable by them. During May and June the Federation organized sporadic protest strikes by its 6 million members—the first strikes in Germany since the end of the war. The Parliamentary Opposition, the Social Democrat Party, also did their best to prevent the Bill being passed by the Bundestag on 20 July. On the following day Herr Christian Fette, the President of the Deutsche Gewerkschaftsbund (the Federation of Trade Unions), declared in a broadcast that the passing of the law was a challenge to the Unions, who would see to it that the present Government is thrown out at the elections next year and that a revised law is brought before Parliament.

The Role of the Soviet Party Congress

THE gap of thirteen years which has elapsed between the convening of the eighteenth Party Congress of the Communist Party of the Soviet Union (Bolsheviks), in March 1939, and that of the nineteenth Congress, to take place this October, can only partly be explained by the intervening war years: for even during the period of civil war, when the fate of Bolshevik power appeared to hang by a thread, Congresses were held regularly every year. From 1918 until 1922 the rule requiring that the leadership must submit its actions to the verdict of the rank and file was adhered to not only in the letter but also in the spirit. That is to say, these delegate meetings debated and voted upon broad issues of policy. Thus, for example, the seventh Congress was convened, less than eight months after the sixth, especially for the purpose of obtaining the membership's decision on the Peace Treaty of Brest-Litovsk. In August 1939 no one thought of calling a Congress to debate the Hitler-Stalin Pact.

The replacement of inner-Party democracy by dictatorship of the leaders took place over a number of years, and one of the expressions of this process was the progressively lengthening intervals between the calling of Congresses. Up to 1925 (fourteenth Congress) Party statutes laid down that Congresses were to be annual, although the Congress of that year had already been delayed six months. At the fifteenth Congress—a year overdue—the rule was altered to read two years; but the sixteenth Congress did not meet until June 1930. More than three and a half years later the seventeenth Congress (January 1934) was convened, and the rule once more altered, this time to three years. Yet the eighteenth Congress was not called until March 1939, more than five years later. The rule of three years was again affirmed, only to be once more ignored. Now the statutes submitted to the nineteenth Congress propose a four-year interval between Congresses.

Congress is, theoretically, the supreme governing body of the Party. Between Congresses the orders of the leadership have an absolutely binding force. The progressive lengthening of the period between Congresses means that the leadership arbitrarily prolongs its authority, and makes nonsense of the principle of democratic-centralism, allegedly fundamental to Communist theory. The thirteen years between the eighteenth and nineteenth

congresses serve to emphasize the leadership's dictatorship over he rank and file.

The mere fact that Party delegates are permitted to gather from ll over the country is, of course, not in itself proof of the existence f inner-Party democracy. This is the form only. But up to the welfth Congress, in April 1923, these gatherings, and the confernces and discussions preceding them, did at least give the memership an opportunity to influence policy. But the tenth Congress, ı March 1921, had already marked a decisive turn in the life of ıe Party: for it was then that the so-called 'Resolution on Party Jnity' was passed.

Up to that time the natural consequence of freedom of discussion ithin the Party had been the emergence of groups or factions, ıore or less loosely knit together, representing varying viewpoints ithin the general framework of Communist principles. This was ı essential corollary of democratic-centralism, according to hich all questions must be submitted to the most thorough disıssion before being put to the vote. No less a person than Lenin lmitted that 'Of course it is quite permissible for various groups ı form *blocs* (particularly before a congress; and also to chase after otes)'.[1] But it was also Lenin who moved the Resolution on Party nity, which ordered the immediate dissolution of all factions ithin the Party.

The reason for this contradiction is not far to seek. The drive wards suppression of all political opposition in the country inritably affected the Party itself. According to Trotsky the banning opposition parties was a temporary expedient that was 'obviously conflict with Soviet democracy'.[2] But, since the Bolsheviks were etermined to hold on to power with or without the support of the ass of the people, the situation demanding the suppression of all pposition was destined to be a permanent one. With all other rties eliminated the Communist Party became the only possible edium for the effective expression of political opinion. Not only, ıerefore, did it serve as the battleground for the clash of ideas nong the Bolsheviks, it also gave others a certain avenue of pression. Social-Revolutionaries, Anarchists, and Mensheviks 'yshinsky was one of the latter) joined the Party; some because it as in power, some from conviction, others in order to have a atform for their views. Between 1919 and 1920 Party member-

[1] V. I. Lenin, *Selected Works* (Lawrence and Wishart, 1937), Vol. 9, p. 38.

ship rose from 313,766 to 611,978. The problem confronting th
leadership of that time was how to preserve democracy in th
Party while abolishing it in the State. It could not be done. Th
suppression of factions within the Party was simply the counte
part of the suppression of parties in the State. Similarly, the tria
of Social-Revolutionaries, Mensheviks, and other non-Bolshevik
beginning with the year 1922, found their counterpart in th
trials of the Bolshevik 'Old Guard' in the 'thirties.

The resolution banning factions in the Party was aime
primarily at two groupings: the Workers' Opposition led b
Kollantai and Schlyapnikov, and the Democratic-Centralists le
by Sapronov, Drobnis, and others. The resolution referred to 'th
appearance of groups with separate platforms striving to separat
themselves to a certain extent and to create their own grou
discipline', declared all such groups dissolved and banned fro
then on, and introduced an emergency measure that was 'not fo
publication'. This was contained in point 7, kept secret unt
Stalin made it public at the thirteenth Congress in 1924. Th
following quotation gives its main provisions:

> In order to effect strict discipline within the Party and in all Sovi
> work and to secure the greatest unity in removing all factionalism, th
> congress authorizes the Central Committee to apply all party penaltie
> including expulsion, in cases of breach of discipline or of reviving o
> engaging in factionalism; and in regard to members of the Centr
> Committee to reduce them to the status of candidates and, as an ex
> treme measure, to expel them from the Party.[1]

The tenth Party Congress at which this fateful decision wa
taken met in the shadow of the Kronstadt Mutiny, which swun
a majority of the Party into support of the general retreat on th
economic front (the New Economic Policy). The disconten
evoked by the profound crisis into which the country was plunge
found expression in strong political opposition groupings withi
the Party. Yet it is noteworthy that the platform of the Worker
Opposition had been published in 250,000 copies for the purpo
of pre-Congress discussion. Thus, in spite of the extremel
precarious position of the Party at that time, a measure of inne
Party democracy was still preserved.

A purge of the Party membership took place after this Congres
nearly one-third being expelled. A further 100,000 were expelle
between the eleventh and twelfth Congresses. Yet no measures o
repression in any way comparable with later years were take

against Party members. The opposition leaders were not expelled. On the contrary, it was recognized that much of their criticism regarding the bureaucratic degeneration of the Party and of Government bodies was justified. Complaints of this nature were indeed of long standing. 'Even at the eighth Congress of the Party,' writes the Soviet historian, N. Popov, '. . . the question of bureaucracy in the Soviet apparatus had to be raised very seriously. However, bureaucracy continued to grow . . . manifesting a tendency in individual links of the Soviet apparatus to eliminate altogether all contact with the masses and to replace it entirely with measures of external compulsion towards these masses.'[1] Lenin was more forthright. 'Bureaucracy in our State system,' he said in his political report to the tenth Congress, 'has become such a sore that we speak about it in our Party programme. . . This sore can be removed only by . . . the toilers being able to exercise their rights—which at present is not the case—not only in the villages, but even in the towns and the capital cities. Often they are not able to exercise their rights even where the loudest protests are made against the bureaucracy.'

Bureaucracy in the State institutions necessarily meant bureaucracy in the Party. All the successive oppositions within the Party had in common this accusation of the bureaucratic degeneration of the Party and the State. But the Bolshevik 'Old Guard', committed to the doctrine of the dictatorship of the proletariat in a country where at that time the proletariat was a drop in the ocean of the people, was also united on the need to preserve the dictatorship of the Party. And the bureaucracy against which they inveighed was an inevitable accompaniment of the dictatorship they supported. In suppressing all voices but their own they paved the way for their own suppression. The dictatorship of one Party over the country led to the dictatorship of one man over the Party.

Stalin's power in the Party rose with the rise of the bureaucracy. From as early as 1919 his commanding position as Commissar of the Workers' and Peasants' Inspectorate and in the Organization Bureau assured him the loyalty of a host of functionaries. Towards the end of 1922 Lenin, stricken by the illness from which he was not to recover, at last awoke to a full appreciation of Stalin's manoeuvres. In a letter to the Central Committee, his so-called

[1] N. Popov, *Outline History of the CPSU*, 2 vols. (Martin Lawrence, 1935), Vol. II, p. 107.

'Testament', he suggested Stalin's removal from the post of General Secretary, by means of which he had 'concentrated enormous power in his hands'. Stalin himself, in the *Internationa Press Conference* (17 November 1927), made the following admission: 'It is said that in the "Testament" in question Lenin suggested to the Party Congress that it should deliberate on the question of replacing Stalin and appointing another comrade in his place as General Secretary of the Party. This is perfectly true. The very fact that one man could 'concentrate enormous power in his hands' shows how much inner-Party democracy had already been undermined. All the leaders, however, agreed to a conspiracy of silence over this 'Testament': Stalin and those supporting him for obvious reasons, the others because they feared for the stability of the Party. Thus the twelfth Congress was deprived of the opportunity even of hearing the 'Testament' read, let alone discussing it.

Already before Lenin's death Stalin had come to an arrangement with Zinoviev and Kamenev to ensure that Trotsky should not succeed to the leadership. Fully appreciating the psychologica value of investing their actions with the cloak of constitutionalism the triumvirate took steps to ensure that the thirteenth Congress convened after Lenin's death, should be suitably rigged. Between March and May 1924, some 250,000 new recruits were admitted to the Party, which had previously been reduced by expulsions to almost half its 1921 strength. In order that these new members should be represented by voting delegates at the Congress the normal 'waiting period' for new members was waived. The Stalin faction thus made sure of obtaining the stamp of Party approval

Between the thirteenth and fourteenth Congresses abou 100,000 further expulsions took place. The official reason given fo this was the unsuitability of many of those admitted under the so-called 'Lenin Enrolment', but there is no doubt that the opportunity was also taken of weakening the opposition still further. In January 1925 Stalin succeeded in forcing Trotsky's resignation from the Commissariat of War, and the break-down of the agreement with Zinoviev and Kamenev followed. These two, now alive to Stalin's purpose, entered into an unstable temporary alliance with their old enemy Trotsky. At the fourteenth Congress Stalin with a nice admixture of caution and cunning, attacked Zinoviev and Kamenev for their extremism and posed as the advocate o moderation. His words are particularly striking in the light o

subsequent events: 'We disagreed with Zinoviev and Kamenev because we knew that the lopping policy was fraught with grave danger for the Party, that the lopping method, the blood-letting method—and they demanded blood—was dangerous, contagious: today you lop off one, tomorrow another, the day after tomorrow a third—what will you have left in the Party? (*Applause*).'[1]

These were prophetic words. Of the seven men then composing the Political Bureau four were later executed, one committed suicide in prison, and the sixth was murdered by an agent of the Soviet secret police. Three other members of this body, elected in 1927, disappeared in the purge of 1938. Another, Kirov, elected in 1934, was murdered in circumstances that have never been fully elucidated.

The fifteenth Congress, in December 1927, gave the final constitutional blow to the Trotsky opposition in the Party. Prior to this Congress Zinoviev cried out against the evils that he himself had helped to nourish. 'How did the Party act in Lenin's time?', he asked. 'First, the Congresses were called exactly on time... Under Lenin there was never a case of the Central Committee extending its authority for an extra year... The CC itself has prolonged its authority... It is calling the fifteenth Congress *two years after* the fourteenth. Prior to the Congress the CC is trebling the repression against the dissenters... Gangster methods of breaking up party meetings were used, especially in Leningrad... A whole *system* is involved and this system of preparing the Congress, that is, the system of *not permitting* any normal preparation for the Congress, has, in the conviction of all, its centre: the Secretariat of the CC, that is the real concentration point of the "management" of the party.' But all such protests, all appeals to 'the Leninist tradition', were vain. Stalin's 'management' of the Party was unshakeable.

With the Trotsky opposition expelled by the votes of the Congress delegates, Stalin had obtained the final seal of constitutional approval for all future repressions. Although members of this opposition were re-admitted to the Party, after confessing their sins, and although fresh opposition—the Bukharin 'Right' opposition—emerged later, future Congresses were not required to discuss such matters. Dissident elements were disposed of administratively.

[1] *Political Report of the CC to the Fourteenth Congress of the CPSU(B)* (Moscow, 1950, English ed.), p. 156.

The main concern of the sixteenth Congress (June 1930) w launch the 'attack of socialism on all fronts', to prepare the ca for 'the liquidation of the kulaks as a class', and to whip enthusiasm for the Five-Year Plan. Membership of the Party by then risen to 1,260,874.

The seventeenth Congress (January 1934) was not conv until the worst excesses of the collectivization drive were and when a relaxation of the terrible tensions of the past y appeared possible. The country had somehow pulled out of indescribable depths into which Stalin's leadership had plunge It was necessary that the common people should put by their b resentment and in the promise of the bright future forget wrongs and forgive those responsible. The Party itself hoped breathing space; but the hope was short-lived. The eighte Congress was not to be called until March 1939, when the g purge had been carried out and the signal for an end of lopping off method' given by the execution of the head of GPU, Yezhov. Speaking of this purge at the eighteenth Congr Stalin said:

> There were 1,874,488 Party members represented at the sevente Party Congress. Comparing this figure with the number of I members represented at the preceding Congress . . . we find that in interval between these two Congresses 600,000 new members joine Party. The Party could not but feel that in the conditions prevailir 1930–3 such a mass influx . . . was an unhealthy and undesi expansion of its membership. . . It was decided to continue the p of Party members and candidate members begun in 1933. . . Undo edly we shall have no further need of resorting to the method of purges. Nevertheless, the purge of 1933–6 was unavoidable an results, on the whole, beneficial The number of Party members re sented at this, the eighteenth Congress is about 1,600,000, whi 270,000 less than were represented at the seventeenth Congress.[1]

The Party Congress under Stalin does not have to decide thing, it has simply to approve what has been executed. I justifiably, taken for granted that such approval will alway forthcoming.

The nineteenth Congress which opens on 5 October will th fore engage in no political debates and there will be no cha after votes. Many resolutions—on the war in Korea, the unit Germany, and so on—will doubtless be passed unanimously, there will be no clash of ideas on these issues; it will simply be duty and pleasure of the delegates to approve the line laid d

[1] Joseph Stalin, *Leninism* (Lawrence and Wishart, 1940), pp. 648–9.

from above. But it is evident that world affairs are entirely secondary at this Congress, the main purpose of which is to launch the fifth Five-Year Plan. It is an important purpose.

Pre-Congress articles published in *Pravda* and other papers reveal the two main concerns of the leadership. On the one hand there is the problem of the most efficient use of the country's economic resources, the raising of labour productivity, the expansion of the labour force, and so forth. On the other hand there is the problem of inspiring the workers with enthusiasm for 'the construction of Communism'; and this is the task of the Communist Party member. He is looked on as the man who, as it were, goes round with the psychological oil-can lubricating the bearings of the complex and cumbersome bureaucratic State apparatus. In accordance with paragraph 3(*d*) of the Party statutes, he 'strengthens day-by-day contact with the masses', 'responds in good time to the needs and requests of the workers', and 'explains to the non-party masses the meaning of the party policy'. He is, in theory at least, the watchdog against every kind of abuse, the exemplar and the inspirer of enthusiasm for greater constructive efforts by the people. But in order to inspire, the Party member must himself be inspired. This is the essential purpose of the nineteenth Congress, which is a publicity campaign cum revivalist meeting, aimed at raising the morale of the local Party leaders and rousing them to the highest pitch of zeal and enthusiasm, in the expectation that they will return to their localities with renewed faith, communicating their fervour to the rank-and-file members, and thence spreading some measure of it among the masses.

In its particular purpose of reviving the flagging ardour of the Party 'activists' the nineteenth Congress will no doubt be successful. The value to the regime of this hard core of pioneering enthusiasts with an eye well open to the main chance needs no emphasis. But whether these 'activists' will be successful in persuading the ordinary working men and women is another question. Successive Five-Year Plans have promised so much for so long that the tale must be getting a trifle stale. The Soviet worker does not greatly differ in this respect from the worker elsewhere, and the role of the Party member as pace-maker in the workshop is not calculated to make him much loved. Perhaps that is why a pre-Congress article published in *Pravda* bears the title 'Raise the Prestige of the Party Member!'

H. D.

Some Problems Facing Denmark

UP TO the beginning of the last world war the average Bri
feelings for Denmark were rather akin to cupboard love: it wa
country which supplied him with some of his butter, bacon,
eggs. To this day the British press, as far as Denmark is concei
confines itself almost entirely to reports on the progress of A
Danish trade conferences, and it is therefore not surprising if
people in Britain tend to blame the Danes for any reductic
their meagre butter or bacon ration—not to mention the sol
egg which puts in its weekly appearance. Nevertheless, sinc
end of the war a growing number of British citizens have tu
their thoughts towards Denmark as a country in which to s
a holiday. The Danish island kingdom is indeed a holiday para
where British visitors are received with genuine warmth
hospitality, because, as the Danes like to reiterate, 'You fough
our freedom too'. Their generosity frequently means per
sacrifice, for even in Denmark, which Britain is apt to regard a
land of plenty, there is still some food rationing, for instan
sugar and coffee, and the increased income of the average I
does not keep pace with the steadily rising cost of living. But t
are other more important problems, political as well as econo
facing the Danes today, and it is with these that this a
proposes to deal.

THE GOVERNMENT, FOREIGN POLICY, AND DEFENCE

After the General Election of 1947 the Liberal Venstre (Farn
Party) minority Government, which had been in office ever s
the first post-war elections in the autumn of 1945,[1] was follc
by another minority Government, this time formed by the S
Democrats, the largest single party in the Rigsdag: in the Ele
both Venstre and Social Democrats had gained seats at the exp
of Conservatives and Communists. During its three years of c
the Social Democratic Government was faced with serious
ficulties, especially in the field of foreign affairs, as it was in
period that Denmark joined the North Atlantic Pact. With
exception of the former members of the old Resistance Mover
who were wholeheartedly in favour of this course, the ave
Dane, and certainly half the Social Democratic Party, would
preferred to see an inter-Scandinavian Defence Alliance as

[1] See 'Denmark Today', in *The World Today*, November 1947.

osed by Sweden. When the United States refused military aid to uch an alliance it was largely due to the efforts and the strong line aken by the then Prime Minister, M. Hedtoft, that Denmark ollowed the Norwegian rather than the Swedish lead. Had any ther Government been in power it seems doubtful that effect vould have been given to this decision as smoothly as was actually he case, and M. Hedtoft's statesmanlike appeal to his party and to the country should therefore always be remembered to his credit. When in due course the motion authorizing Denmark's entry into the North Atlantic Alliance was put to the vote on 24 March 1949, the Lower House passed it by 119 votes to 23 (Radicals, Communists, four Henry Georgists,[1] and one Venstre member voting against), while the Upper House accepted it by 64 votes to 8, only the Communists opposing. A suggestion by the dissenting parties that the question be submitted to a plebiscite was turned down.

During the period following this decision the Government was faced with its inevitable economic repercussions. Although as a whole the country was agreed upon the necessity of considerably strengthening its defences, opinions were sharply divided as to he means by which that increase should be financed, and in August 1950 these differences of opinion led to the resignation of M. Hedtoft's Government and to a General Election. More than 81 per cent of the electorate went to the polls, and the results, which incidentally were affected by a new Election Act which came into orce in 1948[2], were particularly interesting, since they brought about considerable changes in the relative positions of the main parties, as can be seen from the following figures:

THE DANISH LOWER HOUSE TODAY

	1950 *Election*	1947 *Election*
Social Democrats	59[3]	57
Radical Liberals	12	10
Conservatives	27	17
Liberal Venstre (Farmers)	33	49
Henry Georgists	12	6
Communists	7	9

The results of the elections led to an impasse. Attempts by the Social Democrats to form a coalition, or some kind of three-

[1] Single Tax Party.

[2] The Act laid down that no party could claim more seats than its total poll warranted, any seats in excess being allotted to parties which would otherwise be under-represented.

[3] This gain was directly due to the operation of the new Act.

cornered Government, proved unsuccessful, and in the end t
continued their minority Government. Their attempts to pass
Bills previously proposed for the financing of defence were no m
successful than they had been prior to the elections, and six we
later the Government was again defeated After some efforts
reach a broader Governmental basis which would have included
Social Democrats, M. Eriksen, leader of the Liberal Venstre, co
bined with the Conservatives to form a Government which is s
in power today. Among the men who joined the new Cabinet w
the Conservative leader M. Ole Bjørn Kraft as Foreign Minis
and the Liberal Venstre Professor Torkil Kristensen as Minis
of Finance. The latter may well be described as one of Denmar
greatest politicians, at least among the right-wing parties (anot
outstanding politician of today, Mr H. C. Hanssen, the So
Democratic leader's right-hand man and Minister of Finance
the outgoing Government, seems to have made himself felt m
since he has been out of office). It is difficult at any time fo
Minister of Finance to gain general popularity, and Profes
Kristensen is no exception to the rule; but though the austerity
his outlook does not tend to make him popular, the breadth of
political views and the unswerving courage of his economic pol
recall the late Sir Stafford Cripps. Denmark is indeed fortunate
her present difficult situation to have a man of his stature
economic control. The programme of taxes, loans, and for
savings which he submitted to the Rigsdag on assuming office w
if anything, more gloomy than that proposed by his Social Den
cratic predecessor, but on 24 November 1950 his defence tax I
was passed, with Social Democratic support, while other Bills w
accepted shortly before or afterwards. Since then, despite the ne
to impose on the unfortunate taxpayer further heavy taxes
connection with defence, the Government has managed to hold
own, largely through the continued support of the Social Den
crats who, while unwilling themselves to resume office at prese
acknowledge the necessity for a strong defence.

Under the new defence scheme, which incidentally is similar
that operated in Sweden, Denmark is divided into eight milit
regions so as to render her forces more independent of one anotl
in case of enemy airborne landings. A law passed in January 19
provided for three commands, for the Western Provinces, t
Eastern Provinces, and the island of Bornholm, all under the co
trol of, and responsible to, the Chief of Defence. Another Bill

ranged for a joint Defence Ministry and for the abolition of the old Ministries of War and Marine. A separate Air Force, on a par with the Army and Navy, was also formed. The newly-created post of Chief of Combined Forces' has been entrusted to Admiral Quistgaard. The new Defence Law is based on the principle that he Government, through the Minister of Defence, retains esponsibility in military matters. In January 1951 Denmark lemonstrated her willingness to collaborate militarily with the Western Powers outside the country by ratifying the decision to place Danish forces in Germany under General Eisenhower's ommand, and by passing the Bill approving her adherence to the common defence force under the North Atlantic Pact. She is also endering humanitarian aid in Korea. Before the summer recess of 951 the Rigsdag also accepted with an overwhelming majority wo Bills amounting to 500 million kroner (about £25 million),[1] overing the cost of the defence scheme for three years. Although t that time it was felt that an increase in the service period from welve to eighteen months was not yet feasible, a Bill providing for he longer term of service was passed only three months later, hough with the proviso that owing to lack of officers and barracks t would not take full effect until 1953. By the end of 1952, according to a statement by the Foreign Minister, Denmark will have a ield army of 100,000 men, a naval force of 25,000, a local defence orce of 15,000, and a Home Guard of 50,000.

The Danish people and their Government are bound to share he international apprehension at the tense relations between Vest and East, but the nation is concerned chiefly with its internal ffairs and there are few signs of foreign political difficulties apart rom disagreements on foreign trade relations, a subject which alls outside the scope of this article. Her membership of the North Atlantic Pact has given Denmark a certain sense of security, as has er own increased defence, and such incidents in the international eld as may affect her do not therefore create undue concern. As an xample, the dispute with the Soviet Union on the limit of Soviet erritorial waters may be cited, a dispute in which Denmark oined with Sweden in opposing a Soviet claim to a twelve-mile mit. The matter has not yet been settled as the U.S.S.R. has so ar refused to submit the question to international jurisdiction.

[1] Early in 1952, in response to a request from N.A.T.O., Denmark agreed urther to increase her military expenditure by 40 per cent, the necessary funds be provided by increased customs duties which are estimated to produce some .r. 100 million.

However, lest the population should become too lethargic and to remain aware of the importance of Denmark's membershi the North Atlantic Pact and the obligations accepted under it 'Association for Information concerning the Atlantic Pact Democracy' was formed by leading Danish citizens in Decem 1950. This very active body publishes political pamphlets monthly 'Democratic Letters', which, *inter alia,* draw attentio important books on these subjects. The letters are distributec over the country. The Association also spreads informa through films and lectures.

Denmark's relations with her overseas possessions have b marked by substantial changes since the end of the war. A extending home rule to the Faroe Islands was passed in 1948, the Islands' local elections in 1950 resulted in a victory for parties supporting Danish-Faroese collaboration. Relations w the island of Greenland, a Danish colony, have also underg fundamental alterations. For centuries Denmark held a s monopoly over all Greenland trade, the so-called 'Grønl Styrelse'. In 1946 a five-year plan was drawn up which aime more rapid economic development of the island, while still m taining the monopoly. But developments proceeded more qui than was anticipated, and early in 1950 eight Bills providing f more effective administration were passed. Under these measu Greenland is administered by a Governor, democratically elec bodies have greater authority, and the State monopoly is li dated. A 'Royal Greenland Trading Company' operates in same manner as any other trading concern, but a law reserves right of establishing and operating export undertakings to Da subjects and firms only. Last year a 'Nordic Mining Company' formed for the exploitation of lead discoveries in Greenland. the 15 million kroner provisional capital, 27½ per cent will be ta up by the Danish State, 27½ per cent by Danish concerns, and balance by foreign companies, i.e. by the Swedish Boliden and Stora Kopparberg mining companies and by Frobisher Ltd, Canadian mining company.

HOME AFFAIRS AND SOCIAL CONDITIONS

Though the Danes, in common with other nations, suffer fr the economic and spiritual effects of world-wide unrest, the sit tion in Denmark today compares favourably with that of m other European countries. Wages are high and there is relati

little unemployment, and the average Dane, although he clings to his grumbles, has settled down to a life which compares not unfavourably with his existence before the war. At the moment there are three Bills before the Rigsdag which, if passed, will produce some changes in the Constitution and political structure of the country and will necessitate a plebiscite and two General Elections, all within about twelve months.[1] A proposal to abolish the Upper House, already unsuccessfully submitted to a plebiscite before the war, has been revived; there is a proposal to lower the voting age; and the law governing the Royal succession may be changed to enable the King's eldest daughter, Princess Margarete, to succeed. If the present Rigsdag passes these Bills, and if it is agreed that they shall all form the subject of one plebiscite, that plebiscite will be held next spring. Should it be in favour, a newly elected Rigsdag must again pass the Bills. This approval has to be followed by another General Election to form a single-chamber Rigsdag. Thus the Danes may be facing a lively time during the next twelve months and may have plenty of opportunity of expressing their political views. Informed opinion believes that little real interest is felt either in the abolition of the Upper House or even in the lowering of the franchise age, but there seems to be some desire for a change in the law of succession.

While during the 'thirties there was some apprehension that the Danish population might decrease to the danger level, a complete reversal of the position occurred during the second World War. Recent figures indicate that the large number of births during and immediately after the war was not transitory but still continues. Practically all citizens benefit by social legislation. Any person residing in Denmark is entitled to public relief, its most important aspects being aid to the sick and aged, to invalids, and to the unemployed. In general relief is based on the insurance principle, beneficiaries having themselves to pay contributions, but such contributions represent only a small part of the State expenditure in this connection. In 1949–50, for instance, expenditure on social relief totalled 1,176 million kroner, while contributions amounted to not more than 207 million. The individual citizen is free to decide whether or not he wants to join a health insurance society, but membership of such a body is a condition for the receipt of old age or disability pensions. Anybody who has been a member of a health insurance society, either as a regular or a contributory

[1] Changes in the Constitution must be passed by two separate Rigsdags.

member,[1] is entitled from the age of sixty-five, or sixty in the (of women, to a certain monthly pension subject to a means test depending on place of residence, amounts being higher in capital and lowest in country districts. In Copenhagen this pen also includes special benefits such as free fuel, etc. At pre 250,000, or 6 per cent of the population, draw old age pensions, cost of the system amounting to over 4 million kroner, all defra by State or municipalities. Unemployment insurance is volunt but unemployment insurance societies receive considerable con butions from the State and the municipalities and from employ and they also co-operate with the Federation of Trade Uni

Practically the whole of the working population is enrolle one or other of the 3,541 trade unions, which today have a t membership of 656,406. While several organizations rem outside the Federation, the movement as a whole is even m widespread than in the United Kingdom. Thus, for instance, Union of Commercial and Clerical Employees, established as e as 1900 with 700 members, had by 1952 reached the respect total of 66,660.

THE SOUTH SLESVIG QUESTION

The Danes refer to their own country as 'a little land', but t are proud of it. They can look back upon a history in which for l periods they played a leading part in the north and owned h tracts of land on either side of the present frontier. At one ti under their Queen Margarete in 1389, the three Scandina States were united under the Danish crown. As a conseque Danish-speaking and Danish-minded people are found outside Danish borders. It is only a memory today in the south Swedish provinces that 'once upon a time' they belonged to D mark, but among the Danish minority in South Slesvig, 'second zone' of the plebiscite which followed the first World W there are still many who look with longing towards Copenhage

[1] Nobody whose income exceeds the average annual income of a work i.e. Kr. 10,000 at present, is entitled to share in benefits granted by h insurance societies, but he can become a passive member entitled to tra to the active list if his economic circumstances change Also he can join so-called 'Health Insurance Association' which functions on strict insur principles.

[2] See *The World Today*, November 1947, *loc. cit.* Under that plebiscit 'first zone', North Slesvig, voted for return to Denmark, while in the 'se zone', South Slesvig, 75 per cent voted to remain under Germany.

their historical capital, and in Denmark itself there are quite a number of citizens who would gladly see the 'second zone' embodied in the Danish realm.

The official Danish policy under both M. Hedtoft's and M. Eriksen's Governments has remained as outlined in the Danish Notes of 16 October 1946 and 31 January 1947: that 'no proposal concerning an amendment of South Slesvig's national status would be entertained', but that it should be left to the minority themselves, should they so desire, to raise the question of the exercise of their national self-determination. But the Danish Government promised to aid 'Danish-minded' citizens south of the frontier to gain full cultural and economic opportunities and secure political equality with the resident German population. This promise sounded satisfactory on paper, but it has in fact proved somewhat difficult to implement, since its realization must to a great extent depend on the West German Government's readiness to co-operate, and this again must at least in part depend on the attitude adopted by the Danish minority. To the outside observer it appears today as though the Danish Government's promise and the Kiel agreement of September 1949[1] have encouraged this minority to adopt at times a slightly provocative attitude towards what is after all the Government to which it owes allegiance. Prominent members of the German minority in North Slesvig (the 'first zone' under the plebiscite, which was returned to Denmark) submitted a declaration of loyalty to the Danish crown when they were free to do so after the last war, and this declaration was in due course confirmed by the whole of that minority. No such step was taken by the Danish minority *vis-à-vis* the Bonn Government. On the contrary, this minority made it quite clear that it wished to join Denmark, i.e. to bring the 'second zone' under Danish rule, and it tried to obtain more privileges than it could rightfully claim. A British Note of 8 December 1947, addressed to the Danish Government, pointed out the dangers of this policy. Political parties in Germany, the Note said, had not only rights and privileges but also duties and obligations. If the demand of the Danish minority (which the Danish Government at the time supported) for the South Slesvig Association to be recognized as a political party were accepted, it would become quite improper for such a party to continue to pursue a policy

[1] i.e., a declaration by the Land Government of Slesvig-Holstein dealing with the position of minorities.

which advocated the transfer of a part of what was in fact Gern territory to the sovereignty of another State.

Far be it from the writer to assert that the German Governm and the local South Slesvig authorities are entirely free fr blame. There appears to have been a certain amount of petty (crimination against the minority, and the authorities apparer forgot that attempts to suppress a cultural movement tend strengthen it. But the impression is also gained that if only Danish minority would take some steps to make it clear that, wl desiring to retain their Danish cultural inheritance, they recogr that politically they owe allegiance to Germany, much good would be created and any desire for discrimination against th might disappear. At the moment the minority seems to be do something of a disservice to the country it claims to love, since Danish Government's efforts to carry out its early promis may well be interpreted by the German Government as ı warranted interference—an interpretation which may not only l to strained relations between the two countries but may a justify similar interference by the German Government in No Slesvig. Danes who live far from the frontier and do not know atmosphere there, merely regarding their countrymen south o with a mixture of pity and sentimental affection, handicap th own Government's attempts at shelving this unfortunate questi But the Germans may well regard the Danish minority's v insistence on a future plebiscite as proof of its unwillingness accept the present political situation, and this must invite c crimination. Moreover, if such a plebiscite took place, and which seems most unlikely, it produced a majority in favour Denmark, it might lead to another 'Sudetenland' problem, t time within the Danish frontiers.[2] Any Dane, wherever he liv who desires a change of frontier might recall the attitude adop towards this vexed question by two of his greatest countrymen recent years: Christmas Moeller, who after the last war sacrifi his whole career to his belief that 'the frontier must stand fir

[1] A large number of Danish schools are financially supported by the Dai Government, and a German speaker in Flensburg recently claimed that the sı at present expended by Denmark on the minority amounted to a total of million kroner.

[2] The minority alone cannot achieve such a result; but the attitude of enormous number of 'Heimatsvertriebene', 'Ostvertriebene', and other refu is less easy to judge and might depend on the economic advantages they ho to gain. But as they have neither historical nor sentimental ties with Denm their attitude might change at any time should greater advantages attract th back to Germany.

and H. P. Hanssen, who was responsible for drawing the present frontier. The Danes erected statues to their memory, but they would also do well to bear in mind the words of H. P. Hanssen:

> I deeply feel the tragedy that our old historical frontier does not correspond with our present national border. I also greatly deplore that some of our countrymen are left south of the frontier. But there is for me no other policy than that demanded by the future happiness of my people, the common weal of my country. There is so much talk about responsibility. I would have felt deeply responsible if after 1918 I had fought for a policy which now I found was mistaken. But I gladly accept responsibility for the policy for which I did fight. It has resulted in a solution of the frontier problem which I am fully and firmly convinced is the best, the safest, and the happiest for our nation and for our country. The judgment of this policy I confidently leave to history.[1]

A. H. H.

Trieste

Background to a Deadlock

AFTER a period of relative quiessence, Trieste became front-page news in the spring of this year, when disturbances on the fourth anniversary of the tripartite declaration advocating the Free Territory's return to Italy reminded the outer world that neither that declaration, nor the peace treaty provisions on Trieste which it aimed at modifying, have yet been implemented. Now Trieste is coming into the news again. On 1 September the reorganized administration of Zone A was inaugurated, with the increased Italian participation which was decided on at the London Conference last May following on the March disturbances. But a much more cogent reason for the new interest now being displayed in this tiny territory in a remote corner of the Adriatic lies in the growing realization that, within the framework of defensive alliances developing under NATO, Trieste constitutes a vulnerable gap in the strategic line running from the Dardanelles to the Elbe. The all-too-familiar 'Trieste problem' has, in fact, entered a

[1] *Graense Spørgsmaalet*, by H. P. Hanssen.

new phase: while still a burning domestic question between] and Yugoslavia, it can now be seen also as part of the much w issue of consolidating the Atlantic alliance in the Mediterra sector. Thus recent weeks have witnessed an outburst of di matic activity in connection with this still unsolved problem, conversations during August between the Ambassadors of Western Powers in Yugoslavia and Marshal Tito, visits from Pace, the United States Army Secretary, both to Belgrade an Rome, and Mr Eden's visit to Yugoslavia towards the en September.

THE STILL-BORN FREE TERRITORY

What has been happening during the past five years in small territory, no bigger than the Isle of Man? Outlined on p in the Italian peace treaty of 10 February 1947 and theoreti to come into existence shortly after its ratification six mo later, it has in fact remained an abstract conception ever sinc

It is not possible within the space of this article to go into complex question of Italian and Yugoslav claims in the Ver Giulia region, which the peace treaty thus attempted to so The mixed character of the population, predominantly Italia Trieste itself and in some of the other coastal towns, predomina Yugoslav in the hinterland, makes it difficult to settle the ques on ethnic lines; and while to Italians the *Italianità* of the w region, and of Trieste in particular, is a matter of profc patriotic sentiment, the situation after the war was aggravatec Yugoslavs by their recollections of Italian oppression of Slovene minority during the Fascist period.

It must suffice here to recall that under the peace treaty Statute of the Free Territory (Annex VI of the treaty) wa come into force with the approval of the Security Council of United Nations after the appointment of a Governor, who wa 'assume office at the earliest possible moment after the cor into force of the treaty'. But in the event a situation arose whicl framers of the treaty had not foreseen: the Western Powers Russia found it impossible to agree on even the initial ste choosing a Governor. Thus the few applicable clauses of 'Provisional Regime',[2] originally designed to cover the l

[1] See 'The Venezia Giulia Question' and 'The Draft Treaties of Peac The Italian Treaty', in *The World Today*, October 1945 and November
[2] Annex VII of the peace treaty.

interim period between the appointment of a Governor and the
coming into force of the Statute, have had to do duty for five
years. These clauses state that (1) pending the assumption of
office by the Governor, the Free Territory was to be 'administered
by the Allied military commands within their respective zones'
Art. 1); (2) troops stationed there were not to exceed 5,000 for
ach of the occupying Powers, the United Kingdom, the U.S.A.,
nd Yugoslavia (Art. 5); (3) existing laws and regulations were to
emain valid (Art. 10); and (4) pending the establishment of a
eparate currency regime the Italian lira was to continue to be legal
ender within the Free Territory (Art. 11).

'Within their respective zones': this is as near as the peace
reaty ever comes to actual mention of the ill-fated Zones A and
 of the Free Territory which have since hardened into two bit-
erly contended units within a hypothetical State. They are, in
act, a legacy of the demarcation agreed upon in June 1945 by the
hen British and Yugoslav Commanders on the spot, General
Morgan and General Jovanović. To go a step further back, they
re a legacy of the last days of the war, when, on 2 May 1945, the
New Zealand 2nd Armoured Division entered Trieste and found
'ugoslav troops in possession, and a Communist revolutionary
novement which had been working underground for over a year
n close touch with Marshal Tito's revolutionary movement in
'ugoslavia.[1] Previous arrangements between Field-Marshal
lexander and Marshal Tito about administration in Trieste seem
 have been imprecise, and it was only after lengthy negotiations
hat Generals Morgan and Jovanović reached agreement on a
orth-south demarcation line ending at Capodistria, south of
'rieste, behind which Yugoslav troops were to withdraw. The
rea west of this line was divided into Zone A, including the
ity of Trieste to the north, under British–U.S. administration,
nd Zone B to the south, under Yugoslav administration, with the
-called Morgan line marking the division. The Italo-Yugoslav
ontier fixed by the Italian peace treaty some nineteen months
ter fell, as to its northern part, slightly to the west of this line;
nd the Free Territory was to run, on the coastal side, from Duino,
orth of Trieste, down to Città Nuova to its south, thus including,
nd unwittingly perpetuating, the Morgan line division into Zones
A and B.

In the months following the ratification of the peace treaty,

[1] See 'Trieste Diary', in *The World Today*, October 1945.

while the Powers sought vainly to reach agreement on a Gov
matters did not stand still, at any rate in Zone B. In the
territory, it will be recalled, existing (i.e. Italian) laws and re
tions were to remain valid until the appointment of a Gov
and in Zone A Major-General Airey, the British Comman
the zone responsible to the Security Council, interprete
duties of Military Government as those of a caretaker admin
tion, maintaining existing legislation in force until speci
amended or superseded.[1] In Zone B, however, various adn
trative, legal, fiscal, and economic modifications were introd
all tending towards making the zone uniform with Yugoslavi
early as October 1945 a special currency, the 'yugolira', had
introduced, originally of similar value to the Italian lira b
October 1946 equal to twice its value.

In view of this situation, the British, United States, and F
Governments on 20 March 1948 issued a declaration propos
the Governments of the U.S.S.R. and Italy the addition
protocol to the peace treaty which should place the Free Ter
of Trieste once more under Italian sovereignty. The decla
stated that this decision had been reached 'because discussi
the Security Council have already shown that agreement o
selection of a Governor is impossible and because they
received abundant evidence to show that the Yugoslav zon
been completely transformed in character and has been vir
incorporated into Yugoslavia by procedures which do not re
the desire expressed by the Powers to give an independen
democratic status to the Territory'.[2]

This declaration, made within a month of the Italian Ge
Election of 18 April 1948, created a tremendous impressi
Italy. Critics dismissed it as a piece of Western electoral p
ganda, but it has been taken as the basis for official Italian
ever since. Yugoslav and Russian reactions were equally emp
The Yugoslav Government, in a Note of 22 March 1948,
getically protested against the proposals, blaming the We
Governments for having 'so acted as to prevent the conclusio
direct agreement between Italy and Yugoslavia on the questi

[1] See *Report of the Administration of the British/United States Zone Free Territory of Trieste, 15 September to 31 December* 1947, by Major-C T. S. Airey (Report No. 1). These reports to the Security Council, qu till the end of 1949, then annual, are a most valuable source of informat the internal affairs of Zone A.

[2] *U.S. Department of State Bulletin*, 28 March 1948, p. 425.

Trieste', and for failing to accept suggested nominees for the post of Governor. The Soviet Government was equally uncompromising in its rejection of the proposals on 13 April.

Steps were taken during the following months towards facilitating the continued administration of Zone A within the limits of the peace treaty. Agreements had already been concluded on 9 March and 10 April 1948 between A.M.G. and the Italian Government arranging for the supply to Zone A by Italy of currency, finance, and foreign exchange, and an A.M.G. Order of 25 June provided for increased responsibility of local administrative officials and their closer contact with A.M.G. Yugoslavia, in a lengthy Note of 28 July 1948, protested to the Security Council against these moves, alleging that they constituted a violation of the peace treaty, in effect making Zone A a part of the Italian Republic. These allegations were denied by the U.S. and British members of the Council, and on 19 August a Yugoslav resolution to annul the agreements was rejected.

In the meantime an event had occurred which in some respects was to put a different complexion on the whole Trieste question: on 28 June 1948 Yugoslavia left the Cominform. This meant that she could no longer rely on tacit or overt Soviet support for her claims but must play a lone hand: while the Western Powers henceforth inevitably regarded Yugoslavia somewhat differently now that she was no longer under the orders of Moscow. As far as the U.S.S.R. was concerned, Yugoslavia's secession made little apparent difference in the line already adopted, of adhering uncompromisingly to the letter of the peace treaty; this line has more recently been linked with a refusal to consider a treaty for Austria unless in combination with a settlement of the Trieste question. Perhaps the greatest dilemma raised by Yugoslavia's withdrawal from the Cominform was in the ranks of Italian and Triestine Communists, many of whom had had close ties of association with Yugoslavia dating from the period of joint partisan struggle. For the former no official doubts could of course be admitted: the Soviet line must be followed, and the Trieste question became merely another stick with which to beat the Italian Government for its failure, under Western influence, to reach agreement on setting up the Free Territory. At the same time Communists in Italy now vie with the most rabid Italian nationalists in regarding Yugoslavia as Enemy No. 1. In Trieste itself, schism henceforth divided the local Communists, but both out-and-out Comin-

provisions already mentioned for greater local
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councils in Zone A during 1949. These took
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o-Yugoslav Italo-Slovene People's Front.

THE ECONOMIC SITUATION

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e found in the Governor of Zone A's Reports to the
y cited.

formists and Slav pro-Titoists at least unite in their hostility to A.M.G., the former supporting local 'independence fronts' in a demand for an autonomous Free Territory.

With the prospect of an indefinite interim period of administration, and with the provisions already mentioned for greater local participation therein, it was decided to hold municipal elections for administrative councils in Zone A during 1949. These took place on 12 and 19 June, and showed a big majority for the pro-Italian parties, which was emphatically reaffirmed in the second round of administrative elections held in May this year. Local elections held in Zone B in April 1950 showed a very large majority for the pro-Yugoslav Italo-Slovene People's Front.

THE ECONOMIC SITUATION

Zone A of the Free Territory, though in area less than half the size of Zone B, contains a much larger population (some 300,000, as against 73,500 in Zone B) and is of infinitely greater importance from the economic point of view, including as it does the port and industries of Trieste and its important shipyards. Trieste, formerly the main outlet to the sea for the Austro-Hungarian Empire, has inevitably undergone severe fluctuations during the past thirty years owing to the political and economic changes resulting from the two wars.[1] After 1945 the port, suffering from war-time destruction and from the political changes in the hinterland countries which had hitherto been responsible for most of its traffic, was at a very low ebb, and the restrictions imposed on a caretaker government made it difficult to take active steps to remedy this situation; but during the first post-war years war-time damage was repaired and local industries were gradually revived with aid from Italian finance. After the inauguration of E.R.P., in which Zone A participated from October 1948, there was a considerable revival of commercial traffic, largely accounted for by E.R.P. supplies to Austria passing through Trieste, which in 1949 handled 92 per cent of Austria's overseas imports and 72 per cent of her exports. But by 1951 these percentages had fallen to 63 and 64 per cent respectively, and during 1952 with

[1] For an outline of these vicissitudes see 'Trieste's New Role in Europe', in *The World Today*, November 1949. Detailed statistics are given in *Trieste Traffic in the Light of Official Statistics*, by Rodolfo Bernardi, published by the Trieste Chamber of Commerce and Industry and Magazzini Generali, 1946 Later statistics are to be found in the Governor of Zone A's Reports to the Security Council, already cited.

the end of Marshall Aid, coinciding with determined efforts on the part of Western Germany to direct Austrian transit trade to Hamburg and Bremen, renewed anxiety has been felt as to the future of Trieste.[1]

Industrial recovery, facilitated by Marshall Aid and finance from Italy, went on apace during 1949, and by the end of 1950 production had reached and even surpassed pre-war levels. A big shipbuilding programme adopted in 1948 was well under way, and new industries were also being started, with considerable investment of private capital. Here again, however, the end of Marshall Aid bears heavily on a tiny State with no resources of its own apart from its industries, dependent for their existence on raw material imports, and Trieste's economy will inevitably have to rely more in future on Italian financial support. Zone A Budget deficits have for some time past been made up by the Italian Treasury.

RECENT DEVELOPMENTS

Humanly speaking it is well nigh impossible to live in a state of the extremest tension for seven years on end. Some degree of normality, even if spurious, reasserts itself, and for considerable periods during those seven years the Triestini, with their port's increasing revival, have in fact contrived to carry on with their everyday existence without being unduly conscious of their precarious state. Visitors are struck by the normal appearance of the town, and the average citizen does not give the impression of living on the edge of a volcano, though older people may sometimes speak nostalgically of the stable days of the past, under the Austro-Hungarian Empire. At the same time public opinion in Trieste is like a sensitive agent, ready to react immediately to any outside stimulus. And these stimuli recur all too frequently. For the outside world the Free Territory is still a 'problem', and thus periodically the subject of high-level discussions whose repercussions inflame the local press. Nearer home, the port's relative prosperity is known to be precarious, unemployment, already too high, may increase at any moment with fluctuating economic conditions, and the tenuous frontier line between Zones A and B is a source of continuous petty irritation. Currency difficulties constantly arise, recently passports have been required for transit

[1] See 'Port Called Freedom's Haven', by Godfrey Lias, in *Christian Science Monitor*, 23 July 1952.

from Zone B to Zone A, sometimes the frontier has been closed altogether from the Yugoslav Zone side, and news trickles over of reported arrests or persecutions of Italian citizens in Zone B. Thus there is inflammable material ready for propaganda to play upon.

Though last year ended with some weeks of comparative calm on the Free Territory front, various earlier incidents had conspired to keep the spark alive. On the high-level, outer-world plane, Signor De Gasperi had succeeded in obtaining from the British Government, during his visit to London with Count Sforza in March 1951, the reconfirmation of British adherence to the tripartite declaration of 20 March 1948 'with a view to settlement by conciliation', the Italian Ministers for their part expressing their desire to reach a friendly agreement with the Yugoslav Government on the subject.[1] Later in the year the Italian Government raised the question of revision of certain clauses of the peace treaty which were held to have been superseded by events, and though it was specifically stated that these proposed revisions had nothing to do with the question of the Free Territory, discussion of them could not fail to take account of the fact that this problem still remained unsettled. At the same time Italy viewed with some alarm the increasing interest in Yugoslavia shown by the West, which she feared might portend a correspondingly greater sympathy with Yugoslav claims; while Yugoslavia's position was strengthened through the assurance of military assistance, secured through her agreement with the United States of 14 November 1951. In Zone A the increasing feeling of uncertainty, arising in part from local fears that A.M.G. might be more inclined than hitherto to favour the so-called 'independentist' solution of the problem (i.e. a perpetuation of the Free Territory, as against its return to Italy), led to polemics between the various political groups which in the late summer reached such a pitch that General Winterton, who in March had succeeded General Airey as Governor, ordered the postponement of the zone's administrative elections till 1952. In Zone B anti-Italian demonstrations took place in July, followed by a series of discriminatory measures against Italian citizens there, especially in the spheres of education and religion.

Thus though 1951 closed in an atmosphere of greater calm, and even with a renewal on both sides of the oft-expressed hope that

[1] Communiqué issued after the London Conference, 15 March 1951.

the Trieste question might yet be settled by direct negotiations between Italy and Yugoslavia, the inflammable material was still not far from the surface, and the events of 20–22 March 1952 sufficed to set it alight. Without going into the rights and wrongs of this unfortunate episode, it will be enough here to recall that on this occasion, the fourth anniversary of the tripartite declaration, pro-Italian demonstrations against the delay in carrying out the declaration's proposals led to clashes with the police in the course of which some thirty persons were injured. A twelve-hour strike of protest against the police action took place next day, the Mayor of Trieste proclaimed a policy of civil disobedience, and the Italian diplomatic representative in Trieste handed a Note of protest concerning the police action to General Winterton. Further rioting and anti-British demonstrations also took place. This episode, which must be viewed against the background of renewed rumours of anti-Italian persecutions in Zone B (where Yugoslavia had recently also taken steps to restrict the circulation of the lira), brought into prominence the need to adjust at least the local administrative set-up in Trieste in order to bring it more into line with the spirit of the tripartite declaration. At the conference held in London during April and early May in which British, United States, and Italian representatives took part, it was therefore decided to arrange for increased Italian participation in local administration, it being at the same time clearly stated that this arrangement should not prejudice the ultimate solution of the future of the Territory as a whole. The new arrangements included the appointment of Italian officials as Political Adviser to the Zone Commander and as Senior Director of Administration, and the replacement of some A.M.G. officials by Italians.[1] These appointments came into effect on 1 September.

It was not to be expected that these new provisions would produce no reaction from Yugoslavia. Towards the end of February Marshal Tito had made new proposals for a solution of the dispute, suggesting that the Territory should continue to exist in accordance with the peace treaty, but that this should come about as a result of direct agreement between Italy and Yugoslavia, who would administer it jointly, with alternating Italian and Yugoslav Governors on a three-yearly basis. An alternative proposal was for a neutral Governor with Italian and Yugoslav

[1] Communiqué issued at the end of the London Conference, 9 May 1952. (Cmd. 8544).

Deputy Governors who would have a power of veto. Both these suggestions were rejected by Signor De Gasperi. The Yugoslav Government now issued, on 15 May, a strong memorandum to the British and U.S. Governments rejecting the London agreement as being contrary to the Italian peace treaty and a violation of Yugoslav rights. On the same day the Yugoslav Military Government in Zone B announced new measures radically modifying the administration of the zone and linking it more closely with Yugoslavia. Further measures announced at the end of July provided for the application in Zone B of various aspects of Yugoslav legislation, including the penal code, the statute on State and private concerns, and regulations on wages, finance, and trade.

Thus the deadlock remains. The steps taken to facilitate the administration in Zone A—never regarded as more than a temporary palliative—have, as was not unexpected, produced a hardening of the position in Zone B. Marshal Tito needs only to reiterate his condominium proposals to produce a storm of protest from the more nationalistic and irresponsible sections of the Italian press, which his latest suggestion, made just before Mr Eden's visit, that the whole problem should be shelved for the present, has done little to abate. Italian Government spokesmen, and in particular Signor De Gasperi himself, have shown caution and moderation in their references to the question. But Italian official proposals, based on the tripartite declaration but with modifications along ethnic lines, involving a partition of both zones (as was suggested by Count Sforza in 1950), seem unlikely to provide a satisfactory solution: a solution on purely ethnic lines was pondered at the time of the peace treaty, and abandoned because of the difficulty of finding a feasible frontier in this region of scattered Slav and Italian minority pockets. For the same reason, the proposal of a plebiscite under international supervision, lately put forward by some Italian Socialists, seems no more likely to succeed.

It remains to be seen if arguments of a wider character may succeed where attempts at adjustment based on more local considerations have so far failed. Italy, as Signor De Gasperi has recently pointed out, is working with the other Powers of the North Atlantic Alliance to protect the freedom of all democratic peoples 'as well as of Yugoslavia'. Yugoslavia, though not within the

Alliance, has many interests in common with it, and is aiming at closer co-operation in the Mediterranean sphere with two of its latest members, Greece and Turkey. Within this framework Mr Eden's visit to Belgrade, which was immediately preceded by conversations between him and Signor De Gasperi in the 'European' atmosphere of Strasbourg, may well prove a landmark in this unhappy story.

M. K. G.

The Experts' Financial Report to the O.E.E.C.

On 29 March 1952 the Council of the O.E.E.C., being concerned on account of the deterioration in the financial stability of certain member countries since the beginning of 1951, and of the set-back to the liberalization of trade and to the smooth working of the European Payments Union, appointed a group of independent experts to examine the internal financial situation of member and associated countries. The experts were Messrs Bresciani-Turroni, E. R. Lindahl, A. W. Marget, M. Masoin, L. C. Robbins, J. Rueff, and E. Schneider. Their Report was presented on 18 June and considered by the Council on 25 July, and has recently been published.[1]

The terms of reference of the experts directed them to examine 'internal' financial situations, but they understood from the context that their investigation was 'to be conducted mainly with a view to the effects of internal policies on external economic relations' (para. 5).

At the outset they cite 'the classic case of disequilibrium caused by inflation', that is to say, 'any country can get into serious external difficulties by a policy of excessive financial expansion' (para. 7). When spending exceeds output an excess of imports is likely to be attracted. On the other hand there may be 'changes in the conditions of trade which are more than transitory', for example, when 'for some reason or other, important sources of external earnings are restricted. If, in such circumstances, there

[1] *The Internal Financial Situation in Member and Associated Countries:* Report by a Group of independent Experts (Paris, O.E.E.C., 1952).

are not appropriate adjustments of internal finance, the effect on the balance of payments may be similar to that produced by internal inflation' (para. 8).

We are not to infer, however, that 'appropriate adjustments of internal finance' will invariably be the right remedy. If 'a severe positive contraction of money incomes or employment' were involved, the experts would not recommend it. 'We should hold', they say, 'that a fundamental disequilibrium had developed, in the sense of the statutes of the International Monetary Fund, and that some alteration of rates of exchange was appropriate' (para. 9). At the same time 'there often occur cases where measures of internal finance can be effective in restoring equilibrium, without resorting either to alterations of rates of exchange or severe internal contraction'.

A chapter on 'the General Position of Member States since 1949' opens with the statement that 'to assess the present position, it is not necessary, for our purposes, to go back in any detail before 1949', when devaluation 'gave, so to speak, a new start'. In the absence of a contraction in the United States, 'it was possible to hope that the dollar gap might tend to be closed', at any rate for countries which did not indulge in a monetary expansion (para. 12)

The dislocations caused by the Korean war, rearmament, and stockpiling did, no doubt, contribute to disappoint this hope. But have not the experts assumed too easily that devaluation was a suitable starting point? A table (Annex V) shows for each country an index of the change in its wage-level (in terms of dollars) relative to the wage-level in the United States. The change in some instances is certainly far greater than could be justified by any previous discrepancy of costs that there may have been. For the United Kingdom the index fell from 141 in the first half of 1949 to 100 in the first four months of 1952. For the Netherlands and Denmark the fall was little less, for Norway and Sweden it still exceeded one-fifth.

Chapter III of the Report is devoted to a more detailed analysis of the financial situation and policies in four selected countries: the United States, France, the United Kingdom, and Belgium. In the United States the experts commend the agreement of last year between the Federal Reserve Board and the Treasury, which was calculated to 'reduce to a minimum the monetization of the public debt' through the open market purchases of the Federal Reserve Banks. Undoubtedly the purchases had had an inflationary effect.

Not only did they create additional cash reserves for the member banks but they also enabled industrial concerns holding accumulated surpluses in the form of securities to sell them without risk of capital loss whenever they saw fit to incur capital expenditure.

The suppression of this source of inflation has had a salutary effect. But the experts surely overstate the case when they say that 'the re-establishment of monetary control which it implies is a strong guarantee against renewed inflation' (para. 31). When they say that 'there should be no real danger of decline in the United States economy' (para. 33), what they really mean is that effective measures will not be taken to counteract the inflationary tendencies resulting from swollen Federal expenditures and other causes. The 'cheap money' policy, in the sense of a low short-term rate of interest, has not been materially modified, and, so long as that is so, the minor devices and palliatives which the Federal Reserve Board is accustomed to apply will not have any decisive effect. The experts accept fatalistically the monetary instability prevailing in the United States, and assume that other countries must accompany the American monetary system in its bouts of inflation, with the prospect of treating a bout of deflation, should it occur, as a 'fundamental disequilibrium'.

Turning to the position of France, the experts record that 'there can be no doubt that since 1950 there has been inflation in France' (para. 35), an inflation which has outstripped that which has been in progress in the U.S.A. (para. 36). The index number (Annex V) shows that the rise in the French wage-level in terms of dollars since 1949 has outstripped by 10 per cent the rise in the American wage-level, so that France has lost more than all the competitive advantage hoped for from devaluation. The French devaluation of September 1949 came hard on the heels of a previous big devaluation (January 1948), and in the interval there had been a control which successfully enforced a standstill of wages. It is possible that the rise of wages which has occurred since 1949 has been no more than an adjustment to the devalued rate of exchange. The increase in the adverse balance in 1951 may have been the result not of inflation but of the liberalization policy which admitted additional imports from the other members of O.E.E.C. Undoubtedly the heavy capital expenditure and defence expenditure included in the Budget might be expected to cause inflation and to attract an excess of imports, but that does not necessarily mean that either the wage level or the price level, when

translated into dollars at the existing rate of exchange, is excessive.

The experts recognize the sensitiveness of French psychology to any threat of inflation, and they attribute 'the extraordinary change which has taken place in the psychological atmosphere' to 'the way in which the problem of the Budget has been handled' (para. 46). But there is still 'a tendency in France for aggregate demand for goods and services to outrun supply, for public and private expenditure to add up to more than the value of the national product at constant prices'. The psychological improvement seems to be largely attributable to M. Pinay's efforts to bring about a fall of prices. At the time when he took office, the conditions in world markets favoured a fall.[1] But since then there have been signs of a return to the system of controls to keep prices down. It may be that France, after suffering so severely since the war from active inflation, is now to become acquainted with the more insidious troubles of suppressed inflation.

It is remarkable that the experts, when they come to consider the case of the United Kingdom, have nothing to say about the special problems of *suppressed* inflation, the policy of staving off an active inflation by keeping down prices and wages. That has been the policy of the United Kingdom ever since the war. The superfluity of money created during the war has constituted a latent demand at home, in excess of incomes and therefore in excess of output. And since devaluation the reduced dollar prices of British exports have caused an intensified demand for them abroad. The experts say that 'there was no final curb on the extension of the credit base, and that the structure of short rates of interest bore no sort of relationship to the menacing nature of the real influences operating in the economy' (para. 58). They take these menacing 'real' influences for granted. They specify more particularly 'the pressure of aggregate demand', which 'even when not resulting in positive inflation, has been persistently such as to diminish the adaptability of the economy' (para. 57). Of course it is true that there was a pressure of demand, to overtake the vast war-time arrears of civilian expenditure, both on upkeep and renewals and on restocking by traders and consumers. But the mere desire to spend does not engender effective demand; to do so it must be accompanied by money. The laxity of credit policy was inflationary because it offered too liberal facilities to the would-

[1] See 'France's Financial Problems: The Pinay Experiment,' in *The World Today*, June 1952, pp. 229–30.

ıe spenders to procure money, but the special danger in Great Britain was that an excessive supply of money already existed. The xperts rightly commend the change in monetary policy initiated n November 1951 after the change of Government, and they look o it for 'a fundamental change of climate in the market for credit, which cumulatively should have a powerful disinflationary effect hroughout the economy' (para. 63). Among the measures taken, hey mention that 'a large block of floating debt has been partially unded'. They are referring to the issue of a series of one-, two-, nd three-year bonds aggregating £1,000 million. That would have rought about a highly desirable reduction in the quantity of noney had the bonds been such as investors could be expected to ake. But bonds of such short maturity found practically no buyers utside the banks. All that was accomplished was a change in the haracter of the securities held by the banks and other holders of Treasury bills. The redundant money remains undiminished.

The experts seem to leave altogether out of account the reinforcement of the inflationary tendency by devaluation. Devaluaion made British exports suddenly cheap in terms of foreign noney units. The pressure of demand on British industry was ntensified. The experts 'view with concern the tendency to an nflation of costs *via* a rising wage level, unaccompanied by dequate rises in productivity' (para. 62). If the restraint in ollective bargaining, which has been shown by the trade unions, were to break, 'the prospects would be serious, and the effect of nuch which has been done to re-establish equilibrium would be ullified'. They are assuming that the summary reduction of costs n terms of dollars by 30 per cent in 1949 was no more than was equired for 'equilibrium'. The devaluation, it is true, was inspired y the belief that the costs of British export industries were excesve. But, even if costs were excessive (and no evidence to that ffect has ever been produced then or since), the extent of the evaluation was definitely stated at the time to be more than was eeded to offset any excess costs. The effect of a rise in the wage vel, up to a point, would be towards equilibrium, not away from . Before the increase in costs could have any seriously adverse fect on the volume of exports, it would have counteracted the resent disastrous tendency to sell exports too cheap.

It is possible that the more restrictive monetary policy adopted y the present Government may eventually so far reduce the xcess demand at home that the over-employment and delays in

delivery from which the export industries are suffering would cease, and so favourable a balance of payments be established that the case for reversing the devaluation of 1949 would come to be universally recognized. Up-valuation of the pound would be an alternative to a rise of wages as a method of correcting the under-valuation of exports.

Of Belgium the experts say: 'Unlike the position of France and the United Kingdom, the position of Belgium shows no sign of financial stress' (para. 67). And they direct their investigations to the question whether the extent of unemployment implies that 'Belgian policy has not been sufficiently expansionist' (para. 71) They give (Annex IV) an analysis of unemployment, which was supplied by representatives of the Belgian Government, and which they accept as showing that the 'published figures convey an exaggerated idea of the relevant orders of magnitude' (para. 72) A subdivision of the number of unemployed, which has risen from 94,000 in May 1948 to 236,000 in May 1952, into Frictional Seasonal, Residual, Structural, Cyclical, Partial, and Accidental does not help towards explaining away the increase from 3¾ per cent to 9½ per cent of the 2,500,000 wage-earners. Is such to be the fate of any country which follows a monetary policy of 'excessive prudence'? (para. 67).

Belgium was the first country to deal with the redundant money created during the war by a thorough monetary reform. Immediately after liberation in 1944 measures were taken to extinguish some 40 per cent of the total paper currency and bank deposits Ever since then Belgium has had the advantage of being in effective command of her monetary affairs. That has not meant monetary stability, but keeping pace with inflation in the United States and the rest of the world. What then were the causes of the increase in Belgian unemployment? It started concurrently with the set-back suffered by American business in 1949. The devaluation resorted to by Belgium in that year was relatively moderate, the dollar value of the franc being reduced by one-eighth. An improvement in employment followed in 1950. But in 1951 there occurred the suspension of the intra-European liberalization measures, first in Germany, and then in Great Britain and France, and at the same time wages in Belgium were rising a little more than in the United States, Great Britain, and some other countries. The number of unemployed rose from 182,000 in May 1951 to 236,000 in May 1952. It is possible that the decline in activity

might have been counteracted by a monetary expansion. But there was 'the prospect of a growing deficit owing to the expansion of rearmament expenditure' (para. 70). And, it may be suggested, any monetary laxity might have accelerated the rise of wages.

The experts pass to a chapter on Inferences for General Policy. 'Outside the sphere of direct controls,' they proceed, 'the methods whereby States can control the level of aggregate expenditure are two: fiscal and monetary' (para. 76). Direct controls (e.g. exchange controls and quantitative restrictions of imports) they do not favour, and they 'welcome the greater reliance Governments are now placing on monetary and fiscal policy, to control the internal and external financial stability of their countries'.

By fiscal policy is meant the resort to the inflationary effects of a Budget deficit or to the deflationary effects of a Budget surplus to influence the flow of money While endorsing this procedure, the experts express their opinion 'that the experience of the last few years shows conclusively that to attempt overall control exclusively through an apparatus which can only be altered at yearly intervals (or in great emergencies) is to run too great a risk' (para. 79). 'It is indispensable for safety,' they continue, 'that there should be other, more quickly adjustable, instruments of policy. In any attempt at economic stabilization one of the most important things is to be able to check small disturbances before the disequilibrium has become serious' (para. 80).

Prompt action is characteristic of what the experts call 'the monetary instrument'. Money is generated by banks, and the banks can be given the lead at a moment's notice by the central bank, either to expand money by encouraging borrowers or to contract it by discouraging them. Bank rate, which can be altered at any time, sets the standard for the rate of interest charged on bank advances. And in any country where the commercial banks are in close touch with the central bank and with one another an alteration in the rate can be reinforced by concerted action in restricting or facilitating advances.

Among various detailed recommendations the experts especially urge the desirability of restoring the free convertibility of currencies into one another. It must be a *general* convertibility. Systems of regional convertibility 'are inherently unstable' (para. 85).

When the Report came before the Council of the O.E.E.C. on 25 July, the Council recommended that the Governments of mem-

ber and associated countries should send their comments to the Organization by the end of September 1952, together with any information they could give as to measures they were taking or proposing to take to strengthen their internal financial positions.

There has recently been a very welcome tendency towards a revival of the classic methods of monetary policy, and it is to be hoped the experts' endorsement will give support to this tendency.

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Notes of the Month

Oil and a Troubled Oasis

UNKNOWN to the outside world, the Baraimi oasis in eastern Arabia is indexed and marked in the best modern atlases. It is a group of eight tribal settlements situated between the northern sands of the Rub' al-Khali (the 'Empty Quarter') and the western Hajar mountains of Oman. Politically it is part of the vast no-man's-land of south-eastern Arabia in which no frontiers have ever been demarcated. Baraimi was under the occupation of the Wahhabi sect of Islam—the historical antecedent of the present Sa'udi Arabia—from 1800 to 1823 and again from 1845 to 1869 (with a brief interruption), and was visited by the Sa'udi heir-apparent in 1853. But the temporary eclipse of the Sa'udi dynasty (*c*. 1870–1902) broke the connexion. Baraimi passed to the Shaikh of Abu Dhabi on the Trucial Coast, who is today recognized as suzerain by six of the eight settlements and is represented there by a kinsman.

In September last, armed tribesmen led by a Sa'udi Government official occupied one of the two Baraimi settlements over which the Sultan of Muscat claims sovereignty. The Sultan's influence west of the Hajar mountains is, in fact, rather shadowy, but tribesmen from Baraimi visiting Muscat are apt to acknowledge him on such occasions. Ever since King Abdul Aziz ibn Sa'ud's accession fifty years ago, his eastern boundary has been the subject of inconclusive negotiations between him and the British Government, which in the last century had assumed the protection of the rulers of the Arabian coasts. Although in 1937 Sa'udi tax-collectors made a transient appearance in Baraimi, Ibn Sa'ud's express claims along the northern margin of the 'Empty Quarter' did not then extend beyond the Liwa group of settlements, 200 miles to the west.

But the oil which has since been found in such vast quantities

around the head of the Persian Gulf may well extend east of the Qatar peninsula. In 1949 the Sa'udi Government advanced new territorial claims which explicitly embraced the entire Trucial Coast west of Abu Dhabi (although, according to a member of the war-time locust mission, it had seemed generally agreed there that Trucial Coast territory extended inland for one camel journey); and the Sa'udi claim implicitly extended to Baraimi. Anglo-Sa'udi conversations on these claims, both on the occasion of the Amir Faisal's visit to London in 1951 and afterwards in Arabia, have been inconclusive.

While the Sa'udi Government's revenues from the operations of the Arabian-American Oil Co. are expected to exceed £66 million this year, there was a report early this year that the Trucial Shaikhs, impatient that Petroleum Development (Trucial Coast) Ltd—a subsidiary of the half-British Iraq Petroleum Company—had not yet found oil in their territories, were hinting at the possibility of invoking American assistance. The Sa'udi armed party at Baraimi sent envoys down to Dibay and Sharja on the Trucial Coast to create an atmosphere favourable to their enterprise, but they were apparently rebuffed. Trucial Coast levies, recently organized by the British, were despatched to Baraimi and British aircraft flew over. The Foreign Office, at the request of the Sultan of Muscat, took up the matter with the Sa'udi Government, which was reported to have appealed to the State Department.

The Mau Mau Secret Society

It is now clear that the activities of the Mau Mau secret society in Kenya are a dangerous threat both to the present security and to the political and social future of all communities in the country. The Colonial Government is tackling its immediate duty of restoring law and order with a firmness which has been fully supported by members of all parties in the House of Commons. They know from hard experience that disorders of this kind must be suppressed swiftly, firmly, and very convincingly. Experience, however, has also shown that suppression must at once be followed by constructive measures to remove any genuine causes of discontent and to give the people hope. Mr Eliud Mathu, a member of the Kenya Executive Council and leader of the African members in the Legislature, has given a welcome lead already by proposing specific measures, such as higher wages, better roads in the Reserves, and the ending of racial discrimination in hotels and public

transport (though problems of the colour-bar cannot be resolved by legislation); and the opportunity will come when the proposed Royal Commission is appointed and can begin its work in orderly conditions. The land problem among the Kikuyu is undoubtedly the core of the present discontent, and will be the Commission's main concern; but there are many other sources of frustration which need treatment too, for frustration is at the root of it. It has apparently little or nothing to do with Communism.

The Mau Mau society is at present limited to the Kikuyu country and to Kikuyu in Nairobi or wherever they may be, but, although the Kikuyu are not loved, many Africans of other tribes do reluctantly admire their aptitude for politics, and it would be unsafe to prophesy that the movement will not spread. The methods used by Mau Mau are a good example of the exploitation of the uneducated masses in a tribal society by their own intelligentsia. Some of the latter, feeling particularly frustrated in their personal ambitions, and therefore turning to extreme nationalism, take advantage of their prestige among the uneducated to foster existing discontents and to create others. A crusading spirit is engendered and inflamed into an African version of a 'holy war' against all things European, by techniques which are deliberate adaptations of tribal beliefs and customs. The technique of zealots has always been the same, for they shrewdly realize that emotional release from problems arising out of the impact of an alien economy on primitive society will most readily be found in the old, familiar things. The oaths and ceremonies which have been so graphically described in the press are the old ones, elaborated for the occasion, of the traditional initiation classes and the like, and now, as always in the past, the formulae—for example, 'If I reveal these secrets, may this oath kill me'—are most effective. The leaders of the cults have always seen to it that they should be. Fear, is, in fact, the essence both of animism and of its ritual and social expressions, and it can easily be exploited into a formidable political weapon.

This fear of death makes detection and conviction very difficult; but eventually release from it may result in a reaction that could be put to really constructive purpose. Unfortunately, racial extremism on the one side breeds its counterpart on the other, and it will be tragic if, in Kenya, such a development should undo all the efforts made by both European and African leaders since the war to promote inter-racial co-operation.

The Federation Issue in Central Africa

THE debate on Central African Federation leaves British opinio not so much confused as honestly perplexed. Almost all responsib speakers have agreed that federation is desirable in itself, bu deferring to what is often rather unquestioningly accepted representative African opinion, some would abandon the proje outright, and many more would at least postpone it, asking effect, 'What's the hurry?' As one way of bringing the three terr tories concerned—Nyasaland and the two Rhodesias—und observation as a whole, I seized a chance this summer to spen two weeks in each of them—an inadequate stay whose length w determined only by the physical limits to the time profitab expendable on sustained seeing and hearing.

Some relevant facts hardly needed examination on the spot. Tl White Paper[1] makes it clear that the objectives of federation a specific and, like the powers of the proposed Federal Governmen limited; for the greater part they aim at the co-ordination ol viously needed to improve administrative efficiency. The gener interest can only gain from unified direction of services comm to the three—such as customs, currency, railways, posts, meteor logy, aviation, and electricity supply. It is in so far as the directi of some of these activities, and others such as import and expo control or the promotion of exports, may amount to vesting ove all economic planning in the Federation, that debate has legi mately turned on the provision made to safeguard specifical African rights and local interests. The debate has less just ranged over the whole field of African rights, centring often grievances which have all arisen under the present system, ar whose remedy remains firmly in the control of the existing ter torial Governments whether or not federation is actually achieve

This may, in part, be due to the extravagant hopes of son Federalists that the stronger economic basis of a federated Centr Africa will attract sorely needed capital and lead to such accelerat development as will bring a great flood of European immigrant The fear is that such an irruption must increase the pressure on tl indigenous societies; African spokesmen, with much encourag ment from sympathizers of a variety of political opinions in th country, have made so much of this fear that the actual proposa put forward have been almost lost to sight. The well-meant attem

[1]Cmd. 8573 of 1952.

to 'consult' African opinion has in fact got bogged down in discussion little or none of which touches the specific points at issue. Beyond any doubt fears born of happenings in South Africa bedevil the situation. Those, therefore, who favour delay, deprecating 'hurry', must take account of the danger that this may only prolong the ferment about rights in general and grievances in particular, greatly to the detriment of routine administration. It is wrong to discount the federation movement as a new move by men in a hurry. At the very least it was alive in the agitation for 'amalgamation' which produced the Bledisloe Commission of 1938. As soon as the war was over the campaign came alive again, and whatever criticisms may lie against its handling before the conference of officials took over in no way invalidate its basis.

A tour of the territories was, again, unnecessary to show, though it emphasized, that the division of Central Africa into three is wholly artificial and meaningless. The present boundaries originated only as an administrative device to meet the out-dated physical difficulty that Salisbury or any other 'capital' might be many weeks' *march* from much of the territory it had to administer. This clearly was the reason for the Chartered Company's initial action in further sub-dividing what is now Northern Rhodesia into two parts, north-eastern and north-western. The north-eastern part was, in fact, approached through Nyasaland, and to this day the affinities of the Fort Jameson area make its separation from Nyasaland in a high degree uneconomic.

THE NEEDS OF NYASALAND

The main objects of a visit thus resolved themselves into two, first to make an estimate of the organization and needs of the territories, separately and as a whole, next to try to assess local opinion, African and European, on federation, and the weight properly to be attached especially to African opinion so far as this has found expression. The last is a difficult assignment, but it was at least easy to decide that Nyasaland should come first; as much the smallest and poorest, it is usually the least considered of the three territories, even though its 2½ million Africans are the largest group whose interests are affected. By African standards the population is in most parts continuous or even dense, for the sufficient reason that Nyasaland is unusually fertile and well-watered almost throughout. Its famous Lake Nyasa feeds the great Shire River which skirts the southern districts, these including the fertile

and relatively healthy Shire Highlands, the home of the one considerable group of Europeans—on tea plantations. Except for the relatively small central plain, which is also the best tobacco land, the whole is studded with finely shaped mountains, these and the lakes, one great and several small, making Nyasaland a country of exceptional and even romantic beauty. These conditions explain why the people are so numerous and set one asking what prevents Nyasaland from playing its natural part as the main granary of a well-ordered Central Africa. Though very many of the Nyasa people have made their mark in neighbouring territories, even in the distant and advanced Union of South Africa, too many of those remaining at home are full of bilharzia, malaria, and hookworm, and are also miserably poor. Few, therefore, even of the Europeans, have any vision of realizing the country's own manifest potentialities, being content rather to fall into line with the many elsewhere who look on Nyasaland mainly as a reservoir of labour to serve the needs of its more highly developed neighbours, the Rhodesias.

In the more easy-going days twenty years ago when I visited Nyasaland the situation and the outlook were brighter. Outstanding missionaries had given education a good start and European planters, while they provided a desirable economic stimulus, were too few or too wise to cause political disequilibrium. With the Government, they even pioneered the more enlightened land policy since adopted elsewhere, which, breaking away from the bad old system of 'Native Reserves', vests all unalienated land (i.e. by far the most of it) in a Trust. Natural resources, however, were and are exclusively agricultural, and geography makes transport of goods in or out slow and, even with a lightening of the debt for the Zambesi bridge, costly. Tea and tobacco, and tung-oil, saw Nyasaland through the war years fairly satisfactorily. Even this year development contractors were very busy on building and other construction work, particularly in towns like Blantyre and Limbe—though it may be that their train of European helpers, birds of passage of an unfamiliar type, bring social complications.

Today the quiet, cheerful confidence of older days has faded. For one thing, disorders already manifest in 1931 have become more palpable. The crowded Shire Highlands appear more crowded, Government efforts and resources having failed to check the denudation of the soil of Trust land. This is not because estates have displaced Africans, but because the attractions they offer have drawn immigrants from nearby, undeveloped districts

of Portuguese East Africa. At least in part for want of such local development, the marked *wanderlust* of its people has made the exodus of able-bodied youth a grave danger to the well-being of Nyasaland's own northern provinces. At the same time the national resources have been insufficient to build on magnificent work such as that of Dr Robert Laws, to whose influence, perhaps above all, the notable attainment of so many expatriate Nyasas has been due. The home-stayers, there is reason to judge, have tried to live in two worlds and failed to make the best of either. Even more than in West Africa almost all Nyasa wage-earners keep a hold on 'gardens' of their own, but the time they spend trailing miles to and from work impairs their efficiency both as peasants and as paid employees. The national output of this favoured little country is, therefore, low and inadequate. Though all its producers now groan under a heavy load of import duties and export taxes, the yield of revenue is insufficient to meet the country's diverse needs, including, as these must, measures to counter the natural disabilities of communications and transport and to conserve its soil, as well as to satisfy the higher standards expected of modern social services and to meet the cost of further capital development. Nyasaland, in short, has been unable to stand by itself, and meet the needs of its masses, on a total revenue of only £1 or £2 per head of population. For the first of the trio at any rate there is no future on the present footing except as a protected backwater, a mere reservoir of labour—there is no real alternative to federation in some form.

THE IMPORTANCE OF THE COPPER BELT

The bare 2 millions of people in Northern Rhodesia are thinly but unequally spread over an area six times as large. Most of this is undulating plateau broken by considerable river valleys; there are few real mountains; the rainfall and much of the soil are better than is often supposed, but development is made difficult not only by malaria and the tsetse flies but by the very sparseness of the population and the huge, almost trackless, distances—if its agriculturists produced much more than bare subsistence (as they hardly do) the cost of transport to any possible market would always be a grave handicap. It is not to be forgotten that till the very recent development of that extraordinary phenomenon, the Copper Belt, the total annual revenue was about £1 million a year, and might be less. Copper production alone has put the country

on the map, and copper alone keeps it there—to what effect, with what limitations, a comparison of garden cities like Luan Kitwe, or Mufulira with the nearby provincial headquar Ndola, quickly shows—or even a walk from the mine-supp part of any of these to the adjoining streets of the mere 'Go ment' township. Copper, as originally located by wonderful of prospecting, lay hidden in very dense, sparsely peopled, gr unhealthy 'bush', but far-sighted venturers took the risk of sin many millions of capital in its development. This meant not providing costly plant, but also making living conditions in bush sufficiently attractive to draw the necessary workers, and black—in all now about 100,000—and having got t to keep them there healthy and contented. Today, good, designed houses with lavishly-watered gardens, cheap p clubs, libraries, schools, hospitals, golf courses (with grass gre are startling evidence of what almost unlimited resources ca even in the bush—and, still more striking, the hundreds, in thousands of healthy, well-fed children, black as well as w The State is under no economic necessity such as compel mines to maintain high standards; and even the substantial rev accruing from the industry could not suffice to provide much is comparable, even for example in Ndola, let alone three hun miles away in remote fishing villages by Lake Bangweolo.

The rise of the mines is, of course, an important factor i political situation. The success of the industry makes the mining population not only more numerous but also much stable than it was, or is usually recognized to be. As the prospe life of the mines is considerable, mining is at last affo some stimulus to the white farming community, at least alon railway line. Many children locally reared are settling to be good Rhodesians. So it is that while Northern Rhodesia is Nyasaland, a Crown Colony, its nearly ten times as many E peans play a much more significant part in the counsels of go ment. As for federation, the territory has less to gain fro immediately than Nyasaland, so long as copper remains reaso profitable; it may even gain very little so long as prices 'b But it is evidence of a permanent interest in Northern Rhode a *home* that the European leaders now in the ascendant take views. Having good reason to remember that so lately as the 'thirties most of the copper mines were shut down by the sl they realize how precarious prosperity must be so long a

ntry depends for some 85 per cent of its revenue on copper
ie. 'Settler' and even mining opinion, therefore, appears to be
ingly for federation as the best and only obvious way of
adening the basis of the country's economy. African opinion,
ch affected by the social strains and stresses of life on the Cop-
Belt, is a separate question; but it is to be said that the admini-
tion is so well aware of the terrific leeway to be made up in its
rmous thinly peopled backblocks, and of the precarious lack
conomic balance, that official opinion is at least equally decided-
iy in favour of federation.

CROSS-CURRENTS IN SOUTHERN RHODESIA

The greatest single difficulty in the way of this administrative reform, which has also such manifest economic advantages, is no doubt the unequal political balance between the two Crown Colonies and self-governing, European-dominated Southern Rhodesia. This want of balance stands obdurately in the way of the solution some would favour, of developing the almost moribund Central African Council on lines followed with some success by the East African High Commission. Official 'bureaucrats' are in fact ill-mated with responsible Ministers, and the Council almost got its quietus some years ago when certain of its agreed recommendations were summarily rejected by the Rhodesian Parliament. All along the line today planning has to take into account that in this case it will have to do with an established Parliament, and that it is the way of such to be both assertive and tenacious of their rights. The grant of such powers to the white minority in Southern Rhodesia may have been the last manifestation of the confident imperialism which brought this colony into being; that now is a matter of history. Those at present in control are to be credited with an honest attempt to make the best, for all races, of a situation they have inherited, not themselves created. Far too many of their critics endow them with a double dose of original sin

The enthusiasm of these Europeans for the constructive work of building up a new country may be a disqualification for either politics or the arts, but it is at least so rare as to distinguish Southern Rhodesia above any modern British community, except perhaps Canada. No visitor can doubt that this society is very much alive. Three times the size of Nyasaland, only about half that of Northern Rhodesia, Southern Rhodesia is more varied than either. The population is about the same as that of Northern

Rhodesia, including Europeans who are nearly one-tenth of the total. The Central Highlands were no doubt occupied by whites because the climate suited them best; but it is to be allowed that only the railway of their devising, and their own work, have made this area the country's economic backbone. The predominantly 'Settler' country extends to the beautiful mountain region about Umtali, which is like a southerly outcrop of Nyasaland. The drier and less favourable parts on either side of the railway are as a rule 'Native Reserves', and the 'unallocated' lands include the hot, dry Zambesi valley, the Kalahari-like north-west, and the lower Sabie in the south-east. It is wholly characteristic that the air of Southern Rhodesia is full of large-scale new projects—so much is in process of growing that one often found oneself longing to meet anything really adult!—projects that include vast hydro-electric *cum* irrigation plans for the Zambesi, and agricultural development (actually begun) in the Sabie.

The development of Southern Rhodesia is far from being all talk. Well-developed agriculture, extensive mining, especially of base metals, the only coalfield, considerable secondary industries put it far ahead of the two colonies, making it the centre also of a considerable distributing trade. The African population, moreover, shares the material benefits of the present prosperity, as is evident from the activity of shops, run often by their own kind, in the townships of centres like Salisbury or Bulawayo, and the streams of wage-earners passing to and from outlying Reserves. These may have become mere dormitories but they support many market-gardeners. African women cyclists are a significant new phenomenon, to be met with far into the country. It is a consequence of development, and very relevant to the politics of the day, both that African labour is grotesquely 'short', and that fully half those in Southern Rhodesian employment are immigrants, especially from Nyasaland. Even the irksome and well-publicized restrictions African workers suffer are much circumvented in practice by the use of contractors, and by force of the pressure arising from a state of 'full employment'. But bread is not all—even if in modern Africa it comes to count for less than it often ought to!—and there is a darker side to the picture. As a result of 'boom' conditions the immigration, especially of Europeans, has been excessive and Southern Rhodesia is short, not only of housing, but of meat and dairy produce and sugar, and less than self-supporting even in corn; too much farming energy has gone to more immediately

profitable tobacco growing. Tobacco profits, in turn, have been contributory to the growth of mere luxury trades, and even some vaunted secondary industries may be insecurely based. As things are, the railways are greatly over-burdened, and in particular are quite unable to meet the full requirements of the northern copper mines even when the output of the Wankie coal-field is adequate, as till lately it often was not. New railways and hydro-electric power are needed to make good such shortages; but these and innumerable other projects designed still further to broaden the country's economic foundations create a huge unsatisfied demand for capital. The hope or belief that federation will strengthen and stabilize the whole Central African economy and so attract this much-needed capital is, of course, a major inspiration of the federation movement. It is said that Southern Rhodesia must either federate, or be swallowed by the Union—or crash.

African and other critics none the less misread the Southern Rhodesian case; there is far more to it than pure economic calculation. It would never appear from the outcry against Southern Rhodesians and all their works that there is the strongest opposition to federation from within their own ranks. If the Federalists win the referendum—and this is uncertain—their victory will be that of a party committed to a venture that will mark a turn for the better in the very indifferent record of Rhodesian 'native policy'. This policy, which took shape under historical conditions that have passed away, was professedly and designedly an attempt to avoid mistakes that were becoming notorious in the South Africa of the 'twenties. The demarcation of Native Reserves by the Act of 1930, though it needs reconsideration today, was generous by the standards ruling at that time. Even the industrial restrictions that are now proving a stumbling-block applied only in urban areas and were primarily an insurance to save artisans from becoming 'poor whites'. It may be said, in fact, that the 'provision' made of land, together with such 'safeguards', was so successful in attaining its limited aims that African needs were almost lost sight of by the ruling politicians: 'Native Affairs' came to rank as the Cinderella of Government departments. By long tradition the European community has been absorbed in its own pioneer work, but merely indifferent to African affairs, never hostile to African interests. It is wrong to suppose that the Home Government's veto on discriminatory legislation, because it was never overtly applied, was inoperative: 'native' bills were regularly

submitted to London and vetted there before ever they saw the light in the local Parliament—and that as a matter of course and with loyal Rhodesian approval. It is none the less a most remarkable innovation that the ruling party in this self-sufficient Parliament should now contemplate the surrender of some, at least, of its prerogatives by closer association with one predominantly African State, and another overwhelmingly so, in a Federal Assembly which its divided forces cannot be sure of dominating. The same leaven is at work which since the war has stepped up the programme of agricultural betterment and soil conservation in the Reserves and, even belatedly, much improved the health and education services and urban housing. The leaders of the movement, who within the last two years have come down decisively in favour of maintaining the *common* franchise roll, must be credited with vision. Criticisms may legitimately be raised against details of their federal scheme; but they at least, and they alone, have seen that it needs a new spirit, as well as new machinery, to integrate this mixed society into an effective unit.

AFRICAN AND OTHER OPINION

It is in their estimate of Southern Rhodesia that the critics, of all races, are themselves most open to criticism. First and last in the course of a great many encounters in all three territories the African spokesmen's view was that Southern Rhodesia and the Union of South Africa are one and the same. As is well known, their line was to refuse on principle to discuss federation, so the talk was of generalities; these never included relations with neighbours, white or black. It has never occurred to the Northerners that they have any responsibility for their 'oppressed' fellows in Southern Rhodesia, and these in turn never seemed to think of expecting to get help by association with the 4½ million Africans in the two colonies. All alike were apprehensive of losing their land. When most of Africa is disturbed to realize vaguely that subsistence peasant-holdings are no longer possible for all, this is a natural reaction to vapid talk of large-scale European immigration, even although land rights remain under territorial control, and existing African rights expressly so. Nyasas reasonably ask to be secured against the 'direction' of their labour. But, for the rest, spokesmen were almost entirely concerned with personal grievances. Nothing would so much help to clear the sultry air as a gesture which would either meet such grievances, or make sure

that new issues are promptly dealt with as they arise. Nor should this be so difficult as it sounds. On the Copper Belt, which is pretty certainly the principal source of funds for the organized anti-federal campaign of the African Congress, the time is over-ripe for a move to end the deadlock in the debate on openings for Africans in industry. Put very shortly, the position is that more grades of work are barred to Africans than there are Africans competent to fill, or can be for years to come: so that the restrictions help very few Europeans, yet have the effect of positively preventing African workers from learning their own deficiencies. A compromise should not be beyond the abilities of a European Labour movement which has any feeling for the history of its own past—as many of the Rhodesians encountered clearly had. In Southern Rhodesia the pay and prospects of the most highly qualified teachers were evidently unsatisfactory; there in particular the obstacles in the way of any established African citizen building himself a modern house in a suitable locality were merely ludicrous, by reason of cumbersome and obsolete land laws.

Yet in any case these points are almost all wholly irrelevant to the question of federation—and irrelevance was inevitable when the laudable proposal to consult African opinion was launched with so little effort to create, let alone to test the use of, consultative machinery of any kind. The overwhelming impression left by this tour was of the not altogether surprising political immaturity of the African leaders as a whole. It was more surprising, and certainly disappointing, to discover that qualified Africans in Southern Rhodesia have so little appreciation even of the 'common roll', and of the use to be made of a vote, that several of them had failed to register: true, the financial qualifications may lately have been raised too much, but I thought it certain that many more could register than have even yet troubled to do so. It is as if, to their way of thinking, it makes a more effective grievance to keep the list of African voters small. One other feature that stands out is the broad similarity of the line taken by speakers in all parts. This, of course, may be no more than African custom: the best organized party, if not the loudest and most fluent speaker, getting in first, holds the field. A two-party system is a purely Western growth. Yet the line taken and followed appeared very like the sort of wisdom evolved in their long night sittings by the highly colour-conscious, cosmopolitan student body brooding over the world's wrongs in London. In the end, a

few Nyasas, as might have been expected, came nearest to realizing that federation may bring them some advantages, such as better organized and better financed services; some saw, more vividly, that a strong Central African University is a reasonably early possibility, as one university apiece is not. But, if only because high political issues were momentarily absorbing, amazingly few anywhere had any conception of or feeling for the material needs of their own African masses, or of how best to shape national policy to promote their advancement.

It is clear only that the response to the attempt to consult opinion on federation (undoubtedly negative so far as it has found expression) cannot be regarded as wholly representative, and is not lightly to be accepted as decisive. This is the more so since African spokesmen have pointedly refused to embark on serious discussion of the proposals as such. No local evidence emerged to shake belief in the desirability, on general grounds, of closer association in the limited form proposed, and there is still time to hold African spokesmen to debate strictly on the merits of the scheme, as it were 'at committee stage'. The discussion hitherto has ranged so wide of the mark that the positive benefits of the proposals, the administrative efficiency, the unified services, the more broadly based economy, must at last be thoroughly canvassed, and at the same time balanced against possible disadvantages, including the expense of four 'governments', and the very heavy drain on the political man-power available to staff these.

All this being done, it is not to be forgotten that European interests as well as African are intimately involved. It will be a bad day for Africans if those are right who feel that a negative decision imposed by African 'opinion' will overthrow and discredit the new school which is attempting a different approach, and leave the field to reactionary opponents; more especially so as this must almost certainly drive the European interests to take Southern Rhodesia into the South African Union as the only practicable alternative. Imperialism is out of fashion; but its responsibilities are not yet transferred to other shoulders. Unless it happens that the Southern Rhodesian electorate itself rejects its present leader's policy, the burden of decision rests inescapably on her Majestys' Government in the United Kingdom.

W. M. M.

Investment in the Commonwealth

Background to the Prime Ministers' Conference

THE Commonwealth Prime Ministers' Conference which opens in London on 27 November is clearly intended to be a major turning point in world economic affairs. The build-up for it has been on such a grand scale—with Mr Butler abandoning his projected visit to Mexico City in early September in order to draw up the agenda, with several Cabinet Ministers kept back from their holidays so as to be available if needed, and with civil servants from all over the Commonwealth closeted in a preparatory conference at Great George Street for weeks on end—that it cannot now easily be allowed to fall flat. In the next few weeks there is going to be rising curiosity, and not a little speculation, about what sort of an animal this mountain of work will bring forth. Since the eldest daughter, Canada, earns her own living—and has attracted the lively interest of a rich neighbour—she can be left out of this; the object is to attempt some family planning for the impoverished rest.

All that is known at the moment is that the agenda for this conference will be based on, and will burgeon out of, the work of two official study groups that were set up after the last Commonwealth conference in January. One of these study groups was charged with the task of examining how sterling could be made convertible and kept so; for the purposes of this article its agenda can be regarded as caviare to the general—and thankfully left at that. The second study group was required to look into the possibility of integrating sterling area investment. Hitherto many of the individual countries in the Commonwealth have tried to plan their national investment programmes; for example, the British Government draws up a somewhat hazy blueprint of desirable capital developments each year, publishes some details of it in successive Economic Surveys, and then—by an uncertain mixture of physical and monetary controls—tries to prod such investment as does take place more or less into line with this blueprint. The study group on Commonwealth development set up last January was apparently asked to see whether it would not be possible to draw up some such blueprint—an expression of principles and hopes—for the Commonwealth as a whole.

It needs to be recognized straight away that this is a very ticklish task. It is ticklish because anybody looking from London

at, say, the Australian investment programme is apt to have very different ideas from those that may occur to many people looking at it from Canberra. The basic problem—it may unfortunately be called a basic controversy—is whether the Commonwealth should devote its main effort to industrial development or to development of raw material and food production. The finance just is not available to do both on a large scale.

Since the war the Dominions have, on the whole, preferred to concentrate on industrial development, to a much greater extent than most economists in London would like. For example, Australia's employment in manufacturing industry increased by over 70 per cent between 1937 and 1951, while its farm production increased by only just over 10 per cent. In New Zealand factory production increased by over 75 per cent between 1937 and 1950, while farm production increased by less than 25 per cent. In India industrial production increased by 30 per cent between 1937 and 1950, while agricultural production apparently fell. In South Africa industrial employment increased by nearly 70 per cent between 1937 and 1951, while gold and wool production more or less stood still. And so on, right through the list.

The difficulty about all this is, of course, that while the overseas Dominions have been concentrating on investment in industry rather than in food and raw material production, the world demand for food and raw materials has risen faster than supply. The result is that food and raw material prices have risen more than most industrial prices since the war. Moreover, it is food and raw materials that now earn or save dollars; in so far as the growth of local industries has cut down the imports of these overseas Dominions it is imports of British manufactures that have tended to suffer—or would have tended to suffer if inflation in these Dominions had not made them sellers' markets for almost every type of goods.

This last point is particularly important, for it is perhaps not generally realized that inflation in these overseas Dominions has caused them to run bigger balance of payments deficits than the United Kingdom has done—although their total combined trade is about the same as that of Britain. In the last four and a half years Britain has run a very large surplus with the overseas sterling area, while at the same time running a slightly larger deficit with non-sterling countries. In consequence, while her total external deficit has been somewhere around £150 million, the overseas Common-

ealth's external deficit has been somewhere around £450 million;
id this £450 million deficit has been wholly due to the overseas
ominions, for the Colonies seem to have achieved a small surplus
this period. The Dominions have been able to run a deficit on
is scale partly because Britain has been pumping out between
100 and £250 million of capital tó them each year, and partly
cause they have been running down their war-accumulated
erling balances.

Now the advantage of having unfettered access to supplies of
itish capital is one of the main reasons why the overseas
ominions are willing to stay in the sterling area and the dollar-
oling arrangements that go with it. For this reason there can be
serious suggestion that Britain should turn off the capital tap.
it there is no doubt that Whitehall would prefer to see the
pital flowing into rather different ventures. There are three
nsiderations that are relevant here. First, many of the industrial
vestments made in Australia and other Dominions in the last few
ars are not really very economic now that sellers' markets are
ginning to fade. That is to say, they would not be economic in
nditions of freer trade, because Australian industrial costs
artly because of their trade union and wage arbitration structure)
e higher than British industrial costs. But at the moment, of
urse, when import restrictions are keeping many British manu-
ctures out of the Dominion, local industries are building them-
lves up behind a very effective shelter from competition; there is
evident danger that a strong political pressure group is thereby
ing created which will resist the lifting of import restrictions in
e future. In so far as this industrial development is being
ianced out of British capital, this country is lending money for the
anufacture of a hangman's rope for its own future export trade.

A second consideration is that many of these industrial develop-
ent schemes are drawing labour and other resources away from
e mines and the land—that is to say, away from the forms of
oduction that would either earn or save dollars. The recent
port of the Paley Commission in America estimated that United
ates demand for many metals that the Commonwealth possesses
ut does not very assiduously mine) will double or treble in the
xt twenty-five years, but that United States demand for many
the commodities that the Commonwealth does now produce in
ge volume (such as rubber and tin) would actually decline. There
no doubt that Britain would greatly prefer that the limited

finance that is available for sterling area investment should go into such potentially dollar-earning ventures as the development of bauxite production in British Guiana and Jamaica, of manganese production in India and Pakistan, and of lead mining in Australia, rather than into the building of factories to make still more refrigerators in some of the more advanced Dominions.

A third consideration is that the industrial development programmes in the Dominions have generated heavy demands for both British and United States machinery. In some post-war years the machinery that Britain has sold to the overseas Dominions has actually been of greater volume than the machinery that she has installed in her own factories. This, of course, has been good for the export trade, but it has not been an unmixed blessing for the country at large. In the first place, since machinery production is limited, the British manufacturing industry has been starved of some of the capital equipment it needs; and, as has already been said, some of the Dominion ventures that have been started up on the basis of this machinery have had higher costs (and therefore been less economic) than similar ventures that could have been started in Britain. In the second place, the heavy demand for British machinery by Commonwealth countries has made it necessary for British manufacturers to quote long delivery dates to some potential dollar markets, such as Canada and northern Latin America; and orders in these important markets have consequently been lost to the United States and Germany.

Moreover, since Britain has not always been able to produce the machinery needed for some of these industrialization schemes, the Dominions have greatly increased their orders for machinery from the United States. In fact such orders have more than doubled since before the war, despite the stringent economy on other sorts of dollar imports. This growth of machinery imports from the United States has been a very significant cause of the growth of the Commonwealth's dollar gap since the 1930s.

The experience of the Colonies has been very different from that of the Dominions. Here development has lagged considerably; in consequence the Colonies have not been very heavy importers of machinery and other capital goods and some of them have achieved quite substantial balance of payments surpluses over the post-war period as a whole. In fact, colonial sterling balances have more than doubled since the end of 1947; part of the increase in these balances is explained by an inflow of British

pital, but there is little doubt that the Colonies, as a whole, have en net lenders to the rest of the sterling area. This is an odd ature in a world where various types of lending to underveloped countries—such as the Colombo Plan—are supposed to the order of the day.

It is true that many of the investment projects that have been arted in the Colonies have proved disappointing commercially—anganyika groundnuts and Gambia poultry have set a sad pace. he lesson has been painfully learned that territories such as the olonies are areas where development schemes based on intricate pital equipment are apt to be very expensive, partly because ese territories are not equipped with the know-how and experice needed to handle such equipment and to maintain it. Many olonies should perhaps concentrate their development schemes on ch basic projects as the improvement of transport facilities, d leave production for export to peasant initiative, backed up by lot schemes and technical guidance that might be officially spired.

If an integrated Commonwealth investment programme does nerge from the Prime Ministers' Conference, therefore, there ems little doubt of what its main outline should be. In the ominions the main switch should be away from secondary dustry towards primary production, and specially towards the ploitation of latent reserves of those minerals for which United ates demand is likely to rise over the next generation (such as uxite, chrome, lead, copper, zinc, manganese, and uranium). the Colonies, and in some Dominions too, there should be ineased emphasis on improvements in transport, which might lead an increase in farmers' or peasants' output and sales of food and getable oils. In Britain the emphasis should be on investment in dustries that themselves produce machinery and capital goods ther than on investment in consumer goods industries and social elfare schemes. In all countries of the Commonwealth it should recognized that investment in one direction must be an alternare to investment in another; the inevitable consequence of trying do too much will be a series of recurring balance of payments ises.

It remains to be seen whether the Commonwealth Prime inisters will be able to hack their way through the very difficult litical barriers that will tend to inhibit them from drawing up ch a programme, and the very real problems of economic

indiscipline that will tend to inhibit them from enforcing it. The probability is that the conference will not issue any general statement on which sorts of investments should be discouraged, but will attempt the less invidious task of saying which detailed development schemes should be encouraged. If so, its list will need to be examined with a critical eye.

N. A. D. M.

The Albanian Mystery

Russia's Least-known Satellite

IN the outside world, the general public knows less about Albania than about any other Russian satellite. With the non-Cominformist nations General Enver Hoxha's Government has deliberately cut all normal contacts, political, economic, and even philanthropic (the work of the United Nations Children's Fund, for example, was made impossible after 1949). With the exception of a very few carefully-chosen Communists, mostly from Asiatic countries, no Western visitor has been allowed on Albanian soil for six years. But with her Eastern allies, too, Albania now has little contact Marshall Tito's Yugoslavia isolates her from the Cominformist Balkans, and her frontier with that country, like her border with Greece, is closed to all legal traffic.

To discover what is taking place behind Albania's closely guarded borders is therefore not an easy task. But there are still some loopholes in her miniature iron curtain. Above all, neither frontier patrols nor the *Sigurimi* (the security police) have succeeded in stopping the constant flow of refugees escaping into Yugoslavia and Greece. Already last year, according to official sources, they totalled some 5,000 arrivals in each country, and it seems probable that the figure for Yugoslavia was higher.

During a recent journey along the Albanian frontiers, the writer had access to some hundreds of these refugees. In five weeks of investigation, which involved travelling some 6,000 miles, his other informants included United Nations observers, and Ministers and officials of six Governments, besides representatives of various Albanian emigré organizations.

The main general conclusion reached was that, of all the nátural political situations produced by the cold war in Europe, ıt of Albania is certainly the strangest, and that it is an unsatis-tory situation from almost every possible point of view. For eece and Yugoslavia, this Cominformist enclave is an un-lcome neighbour, the source of repeated frontier incidents, empted subversion, and hostile propaganda. For Italy, Albania a once-valuable trading outlet now completely closed. For ıssia, her small, isolated bridgehead on the Adriatic is strategic-y useless, politically unstable, and economically bankrupt. And the Albanian people itself, living standards are probably lower i political oppression heavier than at any time in their recent tory.

There are two main reasons for Albania's acute poverty and tability, one political and the other economic. Politically, ›ania came under complete and undisguised Communist con-l more quickly than the other Russian-dominated countries. ılike most of them, she never went through a relatively 'soft' :liminary phase. When the occupation ended, her new rulers de no temporary alliances with local democratic leaders. There s no coalition Government, no popular front. For, by the time t German military control collapsed in the autumn of 1944, the mmunists had already destroyed all other organized political ces. Thus the Albanians passed in a single step from Nazi :upation to an unadulterated 'dictatorship of the proletariat'.

At that time, of course, it was to Belgrade rather than to Moscow t the Albanian Communists looked for help and guidance. The ›anian Communist Party was first put on an organized basis 1941 by two Yugoslav emmissaries, Miladin Popović and shan Mugosa. Throughout the Axis occupation of the Balkans ırshal Tito had close contact with the Albanian partisans. Then, four years after the German troops withdrew, Albania was, in :ct, the satellite of a satellite. The Yugoslav Government sent ıundreds of advisers, provided yearly credits totalling more than f Albania's national income, and established a customs union l interchangeable currencies. For all practical purposes the goslav-Albanian frontier ceased to exist.

But it is now known that this co-operation did not run smoothly. 1947 the Yugoslav leaders had come to feel deeply frustrated ause of the incompetence and unreliability of the Albanian nisters, who, in turn, bitterly resented their subservient status.

So when Yugoslavia was expelled from the Cominform in July 1948, General Enver Hoxha and a majority of his colleagues lost little time in declaring their loyalty to Moscow, and have since remained paragons of orthodoxy.

The results have not been good. The Albanian Government's domestic policies seem to have followed the rigid Soviet pattern, taking more account of ideology than of local conditions and local needs. There has been the usual emphasis on rapid industrialization. But the plans, as executed, bear little relation to Albania's immediate requirements, and they are constantly being modified to meet delays in their completion. Many of the workers on the new projects are people deported to forced labour for political unreliability. It is impossible to assess their total number, but one informant stated that 300 had been taken from Tirana in a single month. Another well-informed Albanian exile said that the prison population was between 10,000 and 15,000 and that labour camps throughout the country contained thousands more.

In agriculture, collectivization, unsuited both to Albania's geographical conditions and to the outlook of the peasants, has been a costly failure: so much so that in May of last year Enver Hoxha after a visit to Moscow publicly reversed the policy of speeding up collectivization which had been officially proclaimed only a month before. In fact, however, only a small proportion of the arable land and of the peasants had been collectivized. The bulk of agricultural production remains in the hands of the private smallholders. Output is steadily falling because of heavy taxation; and unreasonably high 'delivery quotas' (of produce which must be surrendered to the State) are at the same time depriving the peasants of all incentives and making it impossible for them to maintain their families. In many cases the quota demanded is actually larger than the total yield of the land concerned, leaving the peasant the alternatives of making up the difference by buying it on the black market or going to gaol.

Each autumn there is usually a marked increase in the number of peasants from the frontier areas who escape into Yugoslavia and Greece, because when the harvest comes in they find it impossible to meet their delivery quota. Of these peasants, several with whom the writer talked had fled abandoning their whole families, including small children. When questioned, they explained that, as soon as their escape became known, their houses would be seized and their families deported to labour camps. In

these camps they might at least be fed, whereas had they remained in their village, with the head of the family in gaol for failure to deliver his quota, they would, the fugitives said, have gradually starved to death. The peasants who do manage to find and surrender their delivery quotas are thereby reduced to a new level of poverty, while the whole country suffers a food shortage. This, together with a severe shortage of consumer goods, has caused acute inflation, with its usual consequence of astronomic prices with which wages cannot keep pace.

To these results of Communist Government policy—for that is what most of the refugees and other qualified observers interviewed believed them to be—have been added the economic consequences of Albania's present isolation. Normally, her economy depends largely on a flow of trade with her land neighbours and with Western Europe. That trade has been absolutely cut off. There are no commercial relations between Albania and non-Cominformist countries. Before the war, and also before the Italian occupation of Albania in 1938, the bulk of Albanian foreign trade was across the Adriatic with Italy. But when the writer visited Bari some months ago he found that Italian contact with Albania was virtually limited to Albanian coastguards' attacks on Italian fishing boats which sometimes strayed too near the Albanian coast. Very occasionally, an Albanian gunboat arrived at Brindisi or Bari with official passengers for the Albanian Legations in Rome or Paris. Once a month the *Otranto*, a 1,100 ton Italian tramp steamer chartered by the Adriatica line, called for a few hours at Durazzo, at the request of the Italian Foreign Office, with a courier and his diplomatic bags. It was said that the only passengers carried by this ship since the service started had been one Albanian repatriate and one priest from New York; neither had been heard of since. The only cargo carried by the *Otranto* in the same period was provided by the remains of the Soviet exhibit at last year's Milan International Fair. They consisted, it was said, largely of caviare.

At that time there were no other transport services between Albania and any non-Cominform country, except Trieste. The Yugoslav and Greek frontiers were, of course, completely closed to all legal traffic, as they still are. Postal services, did, however, exist. Letters took about fifteen days from Italy, travelled via Budapest, and were all censored. Food parcels from Italy and America likewise reached Albania, but recipients were compelled to pay such heavy customs duty that they often refused to accept

them. Dollars from America might also be sent to individuals, bu
had to be changed at the official rate, then increased from 50 to 3
len to the dollar. At this rate one dollar bought three eggs.

With Russia and the other satellitic countries, contact was main
tained by a weekly aircraft and some shipping travelling fro
Valona or Durazzo to Trieste, the Black Sea, or occasionally t
Gdynia in Poland. The weekly plane is now the only Comm
formist aircraft which the Yugoslavs allow to cross their territor
It does so on condition that it lands at Belgrade and that it and i
crew and passengers get transit clearance from the Yugosla
authorities. The latter apparently permit its flights in order to g
diplomatic mail to and from what is left of the Yugoslav Embass
in Moscow. It is a Soviet twin-engined Illiushin 12 Dakota-typ
passenger plane and flies from Moscow via Budapest and Belgrad
to Tirana. It carries few passengers, and the freight to Alban
apparently consists mostly of satellite diplomatic bags and Russia
propaganda literature.

Through Trieste, there is a certain transit traffic of goods fo
Albania from Poland and Czechoslovakia, which are carried b
small Albanian craft, mostly motor-driven caiques. Rather mo
traffic arrives from Black Sea ports: between January and Ju
last year there were thirty sailings for Albania through the Da
danelles, mainly of ships from 1,500 to 3,000 tons. Albania
Government sources claim that there is a steady flow by sea o
supplies from Russia and other satellite countries. But these see
to be far fewer than is suggested, although one refugee said that h
had seen Zis, Tatra, Skoda, and Praga lorries unloaded at Durazz
Another, an engineer, said that most of the machinery arrivin
from the East was old and of poor quality but had been repainte
before despatch.

Exports from Albania appear to be considerable. Tankers loa
petroleum for Soviet refineries (as a result, the writer was told th
lamp oil was practically unobtainable even in the oil well distri
near Kocova where there is a small Albanian refinery). Other shi
take olive oil, wool, mineral ores, and even some grain. A refuge
from Korca said it was well known that, at a time when there wa
near famine in that town and people were eating roots, maize fro
the district was being sent to Valona for shipping to Russia.

Figures given for the total number of Russian 'advisers' i
Albania vary from 300 to 4,000, but the seemingly more reliab
sources estimated that they were, in fact, somewhere between 50

and 1,000, including army officers, officials in Ministries at Tirana, and technicians at oil refineries and other industrial enterprises. There were apparently also some Polish and Czech technicians.

It seems clear that the Russians are making no serious military ›reparations to defend Albania in the event of attack. According › available information, there was no Russian Air Force unit in ılbania, there were no reports of Russian warships, and the often-eported 'submarine base' at Sasseno seems to have been pure ction. Likewise the Russians were apparently not supplying the ılbanian armed forces on any substantial scale. Reports on the umber of Albanian aircraft varied between five and ten Yak ghters and a maximum of six bombers operating from Tirana. ılbanian naval forces consist of a few small gunboats and coast-uard craft.

With the exception of the frontier guards and gendarmerie *Polizia*), the Albanian army has for the past three years been rmed with Russian small arms. It still mostly uses transport aptured from the Germans and Italians during the last war, but ıere have been deliveries of Czech lorries and of some Russian ınks. The frontier guards and gendarmerie have German small rms. As an élite in the Albanian armed forces, they enjoy higher ıtes of pay and better conditions than other units. But their con-ıtions, judged by examples seen at frontier posts, seemed to be ery low. They were wearing dishevelled and ill-matching khaki niforms and shoes made of motor tyres. In both Yugoslavia and ireece the writer met a number of these frontier guards who had ecently deserted.

All the available information suggested that political support r the regime was virtually confined to a section of those party ıembers now in authority. But inside the party itself there has een serious trouble at all levels: according to a recently current ogan, 'the enemy is within the house'. Since the liquidation of .oci Xoxe in 1948[1] recurrent Government changes and purges of :nior party members have taken place. And it now seems probable ıat Enver Hoxha himself has little real authority, having been ıng since overshadowed by his Minister of the Interior, Mehmet hehu. Meanwhile purges have also been frequent at lower levels ithin the party. A sign of this growing unreliability of former ıpporters of the regime was the recall and redistribution last ear of all Democratic Front membership cards.

[1]See 'Albania: a Balkan Bridgehead,' in *The World Today*, February 1950.

Despite the unpopularity of the Yugoslavs during the period of Yugoslav influence in Albania before the Cominform split, it seems probable that a number of disgruntled and less senior Albanian party members are now considering with interest the possibility that Albania might go Titoist in the future. For them this would clearly be an ideal solution, for, with Yugoslav support, they would once more find themselves the masters. Such a solution, of course makes no appeal among other sections of the population.

The methods used to repress political opposition are similar to those adopted in other satellite countries, and have resulted, as has already been said, in a large prison population, considerable numbers of people in forced labour camps, and the regular deportation of suspects to distant districts. In these conditions no large, co-ordinated resistance movement can exist. But it seems certain that small groups of armed men are active in some areas. Meanwhile persistent minor sabotage continues throughout the country, although no dramatic incident has occurred since the explosion of a bomb outside the Soviet Embassy at Tirana early last year.

Albania's isolation from her allies, the hostility of her neighbours, and the instability of Albania's Communist regime all combine to make her a tempting target for foreign intervention. Officially, the Yugoslav Government opposes any such intervention on the grounds that it might provide an excuse for hostile Russian action against Yugoslavia. In practice, however, it would be surprising if Yugoslavia, with her own considerable Albanian minority in the Kossovo-Metohija area, did not take a close interest in the affairs of her former satellite. There is, in fact, an active 'Free Albanian Council' based on Prizren near the border, and a considerable propaganda output in Albanian from Radio Belgrade and local Yugoslav stations. Meanwhile the Greek Government still openly claims the Greek minority area of Northern Epirus, and shows a marked benevolence towards the Pan-Epirote organization. Italy, too, takes an active interest in events across the Adriatic, and Albanian official sources frequently allege that Italian-sponsored agents have been traced or captured. At the same time, an Albanian 'freedom station' broadcasts daily programmes which follow the policies of the Albanian National Committee based in Rome. This committee—affiliated to the American-sponsored 'Free Europe' movement—is also responsible for a considerable output of printed propaganda (and,

is believed, of small packages of sugar, needles, and other scarce
ıms) which reach Albania in ways not publicly revealed.

For the time being such activities may be relatively harmless.
hey are also without much practical effect. But, in certain cir-
ımstances, the lack of co-ordination in the policies of the non-
ominformist Governments towards Albania could be dangerous.
nd those policies, confused and divided as they now are, permit
ıver Hoxha and his colleagues to claim that their regime is the
ıly alternative to invasion by Yugoslavia, Greece, or Italy, at the
ders of America and Britain—a claim which, fantastic though it
not all Albanians disbelieve.

F. N.-B.

The Schuman Plan and the Council of Europe

Steps towards a Federal Constitution

HE last two or three months have seen an extraordinary advance
wards European integration. Now that three organs of the
ıropean Coal and Steel Community (C.S.C.)[1]—the High
ıthority, the Council of Ministers, and the *Assemblée Commune*[2]
have held their first meetings, it is possible to take stock of this
ıentially federating enterprise and of its relationship to the other
ıropean States and to the U.S.A.

Since M. Robert Schuman proposed his plan for a common coal
d steel authority in May 1950, the C.S.C. has been at once the
ıeat' and the bone of contention of the sixteen member nations
the older European association, the Council of Europe. As long
the C.S.C. was in the process of formation but did not yet
tually exist—the Treaty establishing it was signed in Paris on
April 1951, and its last parliamentary ratification took place in
ıril 1952—the design of the six Powers forming the Community[3]
ıs merely a part of the intellectual 'European movement'. Thus

[1] See 'The European Coal and Steel Community', in *The World Today*,
ıy 1951.

[2] The name for the Community's Assembly adopted at Strasbourg last
ıtember, for which no English translation seems adequate.

[3] France, Italy, Western Germany, the Netherlands, Belgium, and Luxem-
ırg.

while the C.S.C. was bandied about, supported, or opposed i
debate by federationists and functionalists in the Consultativ
Assembly at Strasbourg, there was still no precise idea of it
practical and legal implications. All this is now changed by th
last three months' political activity within the C.S.C.

In his inaugural address at Luxembourg on 10 August M. Jea
Monnet, the first President of the High Authority, introducing th
C.S.C. said: 'All these institutions can be changed and improve
by experience. What will not be changed is their supranational an
—let us say it—federal character.' These words perfectly expres
the dual nature of the C.S.C.: it is the product of an irrevocabl
alienation of national sovereignty; but it is also experimental i
form and procedure. Dr Adenauer, first Chairman of the Counc
of Ministers of the C.S.C., speaking to the *Assemblée Commune* a
its first meeting in Strasbourg on 11 September, characterized th
Assembly and the Council in these terms: 'You are the firs
sovereign parliament in Europe built on a supranational basis. .
Our Council is not a council of ministers of the kind familiar t
international conferences. . . On the contrary, it is an organi
element inserted in the new supranational European Community
To some extent one can compare the relationship betwee
Council and Assembly to that which exists between two chamber
in the constitutional life of a State. . . This relationship appear
more clearly if we view the Council and the Assembly togethe
vis-à-vis the executive organ of the new Community, the High
Authority. The latter is nominated by the unanimous decision o
the Governments represented in the Council. You, the Assembly
on the other hand, can make the High Authority resign. Both th
Assembly and the Council of Ministers derive from the expresse
will of the people'. Dr Adenauer envisaged an *Assemblée Commun*
which was dynamic, while the Council of Ministers remaine
relatively conservative. At Strasbourg M. Monnet also emphasize
the intimacy of the bond between the High Authority and th
Assemblée Commune. Not only would the *Assemblée Commun*
exercise its legal power of debating the High Authority's repor
presented to it each May; it would also, he hoped, elect a larg
liaison committee, 'not to discuss particular technical problems
but to get both of us used to seeing Community problems as
whole.' The Assembly was thus handed its first dynamic role—
which had legally nothing at all to do with its functions as define
in the C.S.C. Treaty.

The Council of Ministers, in pursuance of a resolution passed supranationally a few days earlier in Luxembourg, swiftly reconverted itself into an ordinary international group of Foreign Ministers and invited the C.S.C. Assembly to draft a statute for a European political authority. This proposal of the six Ministers referred to Article 38 of another 'integrationist' treaty which has not yet been ratified—the treaty establishing a European Defence Community, also to consist of the same six countries.[1] This article requires the European Defence Community Assembly to follow certain principles: (1) 'The organization of a definitive character which will take the place of the present provisional organization should be designed to stand as an element of a subsequent federal or confederal structure, based on the principle of the separation of powers and illustrating a bicameral representative system.' (2) 'The Assembly will also study problems arising from the co-existence of different organisms of European co-operation, already created or about to be created, in order to ensure their co-ordination within the framework of a federal or confederal structure.'

At this point the objection was raised by certain members of the *Assemblée Commune*, and in particular by the Gaullist Senator Monsieur Michel Debré, that the Ministers' proposal was an attempt to apply a provision of the E.D.C. treaty before the latter's ratification. This objection was met, to the satisfaction of a large majority of the *Assemblée Commune*, by an explicit reference in the text of the new proposal to the switch-over of tasks from one Assembly to the other. It was further stated that the object of the *Assemblée Commune*'s acceptance of the task was to gain time. Once the E.D.C. Assembly came into being it could immediately deal with an already prepared constitutional proposal.

The C.S.C.'s orgy of constitution-making thus came to a pause. Its Assembly, consisting of seventy-eight members, had (*a*) accepted the task of drafting a political federation for the six-Power Community, co-opting for this purpose nine new members (three each from France, Germany, and Italy) to bring its membership up to eighty-seven, the number of seats provided for the E.D.C. treaty assembly; and (*b*) appointed a committee of twenty-six members to do the constitutional work and report by next March. The committee, it was decided, should have thirteen

[1] Official French text published by La Documentation Française (Paris, 1952). The English text has not yet been published.

observers—of whom three were to be British—from the non-member nations. This last condition was voted in order to comply with the proposals, or rather the policy, outlined by the British Foreign Minister, Mr Eden, at the Council of Europe's Committee of Ministers on 19 March 1952, and reaffirmed in his speech at Strasbourg on 15 September.

The constitutional complexion of the Coal and Steel Community emerges fairly clearly from the Luxembourg and Strasbourg meetings. The Community is two things: on the one hand it is a complete but limited federation in which the six member nations have pooled specific amounts of sovereignty for heavy industrial purposes; and on the other hand it is a federating enterprise which seeks to extend its power over the life of the member nations. As the continuing federating organization the Ministers have chosen the *Assemblée Commune*, partly, perhaps, because beyond receiving the High Authority's annual report the Assembly has otherwise little positive function ascribed to it in the C.S.C. Treaty; and also because it appears to be the nearest approach to a democratically constituted body in the existing supranational system. The European federators do not, of course, deny that, as things are, the member nations are leading a very curious constitutional existence; nor probably would they reject General de Gaulle's description of Messieurs Schuman's and Monnet's Europe as an 'imbroglio of pools'. The method, loosely described as 'Anglo-Saxon' by the initiated at Luxembourg, is to tolerate creative confusion in the juridical jungle and aspire to the blue mountain air above. The Assembly's '*commission préconstituante*' —the drafting committee of twenty-six, under Dr Heinrich von Brentano—seems to have two main alternatives before it in its search for a political authority: either it can seek an interim solution whereby the six Powers adopt a kind of federal 'hat' for the two pools (C.S.C. and E.D.C.) which, it is hoped, will exist side by side by the summer of 1953; or it can go full-pelt for an immediate total Federation comprising executive, two houses of parliament elected by universal suffrage, and a judiciary—all with defined powers. In either case the imagination boggles at the preliminary legislative procedures which will have to be gone through by the member national parliaments. Whatever solution the '*commission préconstituante*' adopts will, of course, have the force only of a recommendation which, once the C.S.C.'s Council of Ministers (or whatever it chooses to call itself *ad hoc*) has done

with it, will be referred to the national parliaments themselves. Nor, if the less ambitious two-pool-federal-hat scheme wins the day, is it at all obvious how it could work. It is one thing to alienate sovereignty by vesting it in supranational organs of government; it is another to devise a means of checking their operation by a fully representative institution. The problem seems to be how to have a committee of 'pool-custodians' directly elected by the populations of the six countries.

But these are matters for the constitutional specialists at the heart of the '*commission préconstituante*'. Politically and psychologically, it seems to some more realistic to expect that for a period of some years 'Little Europe' will be governed by its twin industrial and defence committees, to which the national parliaments, treaty-bound, will loyally submit. Two considerations, at least, militate against the rapid conclusion of treaties establishing either further similar communities or a grand federation: public opinion is still too passive, and the Socialist parties are still too suspicious of federation, which they regard as a Catholic manoeuvre. (The C.S.C. was ratified by a less than two-thirds majority in the French and German Lower Houses and in the Italian Senate. Prospects of the ratifications of the E.D.C. by large majorities seem even less bright.) On the other hand the leading spirits of the Community are known to believe that the best way of achieving European unity is to count on the benevolent passivity of the peoples, disregard the opposition in the parliaments, and assiduously woo the trade-union leaders. Thus what appears to some observers as 'redoubling on an empty hand' may in fact be the best road to federation. 'More haste, more speed' is not a bad motto in a political vacuum.

Whatever the future of European federation, one fact is already evident. Nations foreign to the Community will be compelled to address themselves to members of it on major points of foreign policy not individually but through the organs of the Community. The United States—as was natural from a country which has pushed hard behind European federal forces—was the first to proclaim the reality of the C.S.C. as federal embryo and federating nucleus. On 11 August 1952 Mr Acheson said: 'It is the intention of the United States to give the Coal and Steel Community the strong support that its importance to the political and economic unification of Europe warrants. As appropriate under the Treaty, the United States will now deal with the Community on coal and

steel matters. The six-nation Coal and Steel Community 1
sents the first major step towards the unification of Europe.
confident that in the near future we will see these nation
additional strides in this direction—ratification of the T
constituting the European Defence Community, and acti
develop a supranational political authority.' In consonance
this policy the United States has appointed a liaison mission
Mr William C. Tomlinson, who was the American observer
Schuman Plan negotiations and is now observer at the In
Committee of the E.D.C. conference.

The position of Great Britain *vis-à-vis* the Schuman Pla
been considerably more complicated. At the outset Britain de
to accept the fundamental condition—pooling of sovereig
which was the prerequisite of participation in the treaty ne
tions. As Great Britain was a leading foundation member
Council of Europe in early 1949—a body which, moreover,
its being largely to the efforts of Mr Winston Churchill
refusal led to much adverse criticism of British policy with
European movement. By the time the C.S.C. was ratified B
was in bad odour at Strasbourg. She had come to be regarc
the leader of the peripheric nations—Norway, Sweden, Den
Iceland, Ireland, Portugal, Greece, Turkey—which held
from genuine integration. In March 1952, as was mentioned e
Mr Eden made some suggestions to the Committee of Minist
the Council of Europe at its meeting in Paris. In an attem
breathe some new life into the organization and to restore its
he then proposed that the C.S.C. (and later the E.D.C.) s
cohabit in Strasbourg with the Council of Europe, the 'rest
Communities' making use of some of the machinery of the Co
This so-called 'Eden Plan' gave rise to a good deal of mystific
especially as to the idea, also attributed to Mr Eden, th
sixteen-Power Consultative Assembly of the Council of E
should in some manner 'contain' the six-Power Assemblies
'restricted Communities'. C.S.C. planners were quick to
out that whereas the Consultative Assembly was a 'talking-
with no powers at all, real and precise powers had been ves
their own *Assemblée Commune*, and that it was therefore
illegal to associate the two bodies organically. The C.S.C. pla
also rejected the suggestion that the Council of Europe s
provide it with a secretariat, preferring to remain independ
the matter of personnel.

As the summer wore on the 'Eden proposals' came to look more and more nebulous. On 23 July M. Schuman and Signor De Gasperi advanced the idea that Strasbourg should be the temporary seat of the C.S.C.'s institutions until France and Germany could reach agreement on the Saar problem, at which time they should be established permanently at Saarbrücken. This town, standing in a Europeanized enclave, should then become the capital of Europe. Finally, however, the C.S.C. ministers decided that the High Authority and the Court of Justice should sit temporarily in Luxembourg, and that the *Assemblée Commune* alone should hold its first meeting in Strasbourg. At present it appears likely that Luxembourg will be the C.S.C.'s permanent capital. This partial divorce of the C.S.C. from Strasbourg was reinforced by the appointment to the High Authority at Luxembourg of a British delegation exactly parallel with the American mission. It has always been the view of Monsieur Monnet that the United Kingdom should discuss concrete coal and steel problems directly with the High Authority and not in the confused ambience of Strasbourg alongside powers, such as Greece and Turkey, whose interests in these questions were in no way comparable. The arrival of the British liaison delegation therefore completed M. Monnet's conception and further reduced the significance of Strasbourg.

It was left to Mr Eden to explain to the Consultative Assembly at Strasbourg on 15 September exactly what Britain's European policy was. While attempting no stream-lined formula, he performed this delicate task with some skill. Mr Eden first rejected the notion that the Strasbourg Assembly or Committee of Ministers could be linked organically with the 'restricted Communities'. The latter would, however, frequently report to the Council of Europe—the *Assemblée Commune* had already sat in Strasbourg that morning—and so the new Communities would 'develop in harmony with the wider European work'. Mr Eden consistently spoke of the Council of Europe as a kind of parent body which, fully supported by Britain, would continue to promote European unity. The theory of friendly cohabitation between 'integrationists' and 'associators' was further developed by Mr Julian Amery and Mr Robert Boothby, who secured the unanimous vote of the Consultative Assembly on a motion that the C.S.C. and E.D.C. Assemblies should meet in Strasbourg, that they should use the Secretariat of the Council of Europe, and—most startling of all—that observers from nations not belonging to

the C.S.C. and E.D.C. should attend the latter's meetings with th right to speak. There is, however, little chance that this motio will prove acceptable to the planners of the Six.

There can now be little doubt, in spite of the polite phraseolog concerning 'wider European work', that the centre of Europea activity lies in Luxembourg, fortress of the six 'integrationist Powers. The symbol of this decisive shift of importance is th reappearance of the former Socialist Prime Minister of Belgium M. Spaak, as President of the *Assemblée Commune.* It was not fo nothing that this arch-federator abandoned his leadership of th broader and once more promising Council of Europe to throw i his lot with the 'restricted Communities'. M. Spaak's move i all the more telling in face of the official philosophy of Europea Socialists which proclaims that the 'pools' are both clerical an capitalistic. M. Spaak—and, it is reported, M. Mollet in France— have come round to the view that, since nothing more than benevolent non-intervention may be expected from Great Britain European federation can be reached only by the dynamic method of the planners of the Six.

C. J.

The Nationalist Revolution in Bolivia

WHEN the M.N.R. (*Movimiento Nacionalista Revolucionario*) cam to power in Bolivia last April, it did so after one of the bloodies revolutions ever experienced in a country which since Spanish colonial days has distinguished itself by violence. A thousan people are said to have died in the street fights, the majority of th casualties being in La Paz, capital of Bolivia in all but name, an at Oruro, centre of one of the mining regions.

Already in 1943, a small group of M.N.R. representatives ha shared the responsibilities of government under the politicall neutral Coronel Gaulberto Villarroel, but this first experience fo the young party ended in disaster less than three years later Villarroel and a few army officers were killed and hanged in th main square of La Paz, right in front of the Palacio de Gobierno while for the non-military M.N.R. there began a period of si years' exiles, confinements, and persecutions.

Later, blame for the failure was laid by the M.N.R. at the door of the young army officers who through their secret lodge 'Radepa' had committed a series of assassinations and abuses, while the officers accused at least certain sectors of the M.N.R. of similar excesses and also expressed doubts as to the sincerity and appropriateness of decrees inspired by the M.N.R. in the direction of large-scale social changes. However, this quarrel is now of little but historical interest, though it explains in part the hostility of the M.N.R. towards the army.

Last April the M.N.R. was strong enough to assume sole responsibility for the government, and Victor Paz Estenssoro, the party chief, became President of the Republic. In the elections of 1951, held during his exile, he had already obtained more votes than the official candidate, though without reaching the necessary absolute majority. Pending a decision on the issue in accordance with the Constitution, a *Junta Militar* stepped in until it was swept aside by the revolution. To no one's surprise, the Supreme Court thereupon declared Paz Estenssoro Constitutional President of the Republic.

Few if any Bolivian parties that have formed a Government had to face less opposition. The army had ceased to exist as an organized force when its weapons fell into the hands of the revolutionaries and the officers ran for their lives. The upper class without military support was much too weak to face a rebellious people. The middle class, frightened, either decided to wait and see or, if belonging to the ranks of public employees and shopkeepers, was frequently only too anxious to prove its adherence to the M.N.R. As for the miners and the factory and railway workers, a total force of some 150,000 men (in a country of roughly three and a half million inhabitants), though previously they had been much under the influence of Communist union leaders they now placed themselves enthusiastically behind the revolutionary nationalism as upheld by the M.N.R.

Yet less than six months have sufficed to reveal a serious split in the party, to create a feeling of apprehension about the future, and to allow certain neutral observers to predict a number of economic and political difficulties so fundamental that they may well produce another fall of the M.N.R. more disastrous for itself and the country than that of 1946. Even those who wish the party well are convinced that it will require drastic changes in the immediate future to save the situation.

THE PROGRAMME OF THE M.N.R.

A book published in 1949[1] contains the only available formal statement of the political principles of the M.N.R. Whereas the seven other party programmes in the same volume may run to anything from thirty to a hundred pages, the M.N.R. is content with a little over four. The ideological poverty of the document, its confused phraseology, its mixture of generalities and a few practical demands such as the construction of two specific railway lines, are not so extraordinary if one remembers that most nationalist parties of late have been carried into power on an equally vague programme. They appeal to emotion, not to reason, and it is from here that many of their difficulties arise once they are faced with practical issues.

In the case of the M.N.R., the compiler of the volume bolstered the slim programme with a twenty-five page manifesto issued by one of the leading party members, Dr Walter Guevara Arze, today Foreign Minister of Bolivia, during his parliamentary election campaign in 1946. He is chiefly concerned there with an outline of the basic principles of the party, and explains why its nationalism should not be confused with that of Nazi Germany or Fascist Italy ('. . . the Latin American nations in general, and Bolivia in particular, because of their incipient capitalist development do not offer the indispensable conditions for the appearance and development of Nazi-Fascism'); why it would be absurd for Bolivia to aim at a dictatorship of the proletariat (because of 'the insufficient development of class consciousness and the initial state of the revolutionary capacity of our proletariat'); why Bolivia cannot defy the international bourgeoisie ('Bolivia is a nation which depends as do only few others on circumstances beyond her control. We import a third of our food. Our entire economy is dependent on the fluctuations of the international market for minerals'); why so far there is no democracy in Bolivia ('where there are extreme inequalities, democracy is a myth. Opposed to democracy as water to fire are fabulous wealth on the one side and inconceivable misery on the other; the complete illiteracy of the masses confronted by the refined culture of a few; all the opportunities for some privileged people and no hope at all for the rest. Is not this precisely that which we have in Bolivia—a Patiño[2] and any Mamani[3] as

[1] Dr Alberto Cornejo S., *Programas Politicos de Bolivia*, Imprenta Universitaria, Cochabamba, Bolivia.

[2] Simon I. Patiño, the deceased Bolivian tin-king.

[3] A typical poor Indian.

extremes of wealth and misery; a Jaymes Freyre[1] and a Mamani as extremes of cultural refinement and ignorance; a child put down for Oxford at birth and the little Indian boy who never learns to read because there is no school to teach him?') And, to sum up:

'[In the case of Bolivian nationalism] we are dealing with the nationalism proper to countries with a backward economy, to colonies and semi-colonies. It derives from imperialist exploitation. It aims at modifying the economic and political conditions that affect the entire nation, without denying that within the nation there subsist divergencies of class. It is radically different in its origins and development from the Nazi-Fascist nationalism. It differs also because Bolivia, like so many other colonies and semi-colonies, lacks a strong national tradition, racial homogeneity, and a cultural style of her own. Among us nationalism, the logical conclusion of a socialist starting point, forms our only immediate hope. If there is any similarity . . . it is with the nationalism of India, Java, or Mexico'.[2]

NATIONALIZATION OF THE MINES AND AGRARIAN REFORM

Though Guevara's manifesto is more explicit than the M.N.R. party programme, it too refers only indirectly to the two points that have in the meantime become the battle cry of the M.N.R.: nationalization of the mines, and agrarian reform. The explanation is simple: the M.N.R. did not originate these two demands, which at first appeared too radical for a party which in its early stages was predominantly middle-class. But as time went on, ideas originating as left-wing propaganda penetrated deeply into the consciousness of the masses. When the Marxist parties proved too weak to carry them into practice, the masses simply transferred the slogans to the rapidly ascending M.N.R. They gave a focus to the latter's programme which it had so far lacked, and helped to increase its attractiveness in spite, or perhaps just because, of all the persecutions it had to suffer.

Once in power, the M.N.R. lost no time in identifying itself fully with the two demands, but declared that it would be advisable to leave the agrarian reform until after the nationalization of the mines should have provided the economic means for the large-scale technical development of agriculture. The underlying motive,

[1] A distinguished poet.

[2] This was written in 1946. Today, any Bolivian nationalist would certainly add Iran, but would probably still avoid mentioning the *Peronismo* of Argentina. It is too near not to be secretly resented.

however, may have been a desire to avoid fighting against too n
fronts at once.

Shortly after his arrival from six years of exile, largely spe
Argentina, President Paz Estenssoro, a sober, intelligent,
caudillo type of politician in his forties, declared that 'we are
scious that the nationalization of the mines is the most far-reac
act in the history of Bolivia since the proclamation of our poli
independence' in 1825.

THE MINES IN BOLIVIA

Since Spanish colonial days, Bolivia has always been
dominantly a mining country. For centuries, so much silver flo
from Mount Potosi to the motherland that 'it's worth a Po
became the metaphor to express superlative value. For Bol
then part of High Peru, the development of this wealth meant
death of hundreds of thousands—some say millions—of In
peasants driven by brutal force to work in the mines, and the
of her agriculture. When silver exploitation neared its end earl
this century, tin replaced it as an object of high commercial v
favoured by the needs of two world wars. Thanks to tin, Simc
Patiño, a Bolivian of partly Indian extraction, became one of
richest men in the world, but left to his country 'only cadavers
tuberculosis'. In time, for the mass of Bolivians, his name toge
with those of Aramayo and Hochschild, heads of the two o
large mining groups, came to stand for all the things they h
and against which the miners rebelled in a series of strikes
countless as the Bolivian revolutions, and like them always a
beaten down by force.

Roughly 95 per cent of Bolivian exports are derived f
minerals, of which tin provides more than three-quarters. Divi
by groups, Patiño's makes the major contribution with over 40
cent, Hochschild's amounts to 25 per cent, and Aramayo's to 6
cent, leaving less than 30 per cent of the national production to
small and medium mines. 'Had there been some twenty not
large groups instead of the Big Three,' a Government official
lately, 'the question of nationalization would never have aris

Almost the entire Bolivian economy depends on tin, since e
such basic foodstuffs as flour, sugar, meat, and condensed n
not to mention industrial raw materials, have to be importe
cover in some cases the whole requirements of the country.
this is paid for with foreign currency derived from the sale

minerals. Nationalization of the mines therefore assumes a vastly greater significance in Bolivia than in countries which can count on a variety of sources of income and in which, happen what may, the mass of the people will at least be able to feed themselves from the crops of their own country.

However, the question for Bolivia has highly political connotations, as is made plain by the *Decreto Supremo* of 13 May of this year which set up a national commission of investigation prior to the expropriation of the mines controlled by or belonging to the Big Three. The introductory clauses declare that 'for half a century a few companies have exploited the mineral wealth of Bolivia, exporting nearly their entire profits and reserves, so as to incorporate them into foreign economies. With the object of maintaining this system so harmful to the national interests, the companies referred to have intervened decisively in the political conduct of the country. In consequence of their preponderant economic influence, Bolivia has been unable to accomplish the harmonious and integral development indispensable for the well-being and happiness of her citizens. The unlawful intervention of the mining companies has deformed and degraded the public life of the nation'.

Well before the commission's findings became known, another *Decreto Supremo*, that of 2 June, established a Government monopoly for the export and sale of all minerals, the proceeds of which were henceforth to be handed over to the Government-owned *Banco Minero*. Since the *Banco* will only pay the companies in national currency at the rate of 60 bolicianos per U.S. dollar (quoted in the Bolivian black market early in October at 262·–), this means not only a 100 per cent control of the companies, but also a form of excessive taxation, in addition to other financial burdens which the companies are already shouldering. To the latter belong the wage increases, usually of about 60 per cent, obtained by the miners during the last few months, and a series of new social benefits which the companies have had to concede to the miners.

All this coincides with falling world market prices, a rapid increase of tin production in other parts of the world (Bolivia's share in world production has hitherto been about 20 per cent, of which about half went to the U.S.A., the rest chiefly to Great Britain), and a change of purchasing policy in the United States, which have abandoned strategic stockpiling at high rates and are now endeavouring to let prices drop to what they consider a reasonable level.

Bolivia has always been a country of high-cost production. '
mines are far inland (Bolivia has not even a coast of her own
altitudes often above 12,000 feet. The older mines were laid
with little regard for safety, and accident and professional-dis
rates are nearly everywhere unusually high. A number of additi
factors contribute to the relatively low productivity per man
shift. Moreover by now the richest deposits have been exploi
In many mines the mineral content has gone steadily dow
close on 1 per cent, which with the present technical proced
makes the mines no longer economically profitable to w
Already several of the subsidiary or independent mines have gi
notice that they will close down unless nationalization takes p
within the immediate future.

The Government, on the other hand, still hopes to run the m
in a profitable manner by rationalization, diversification
minerals, elimination of labour trouble and ore thefts, increas
output per man per shift, and, above all, by the construction of
first big smelter in Bolivia. At present Patiño ore goes to Liverp
the rest to the Texas smelter set up as an emergency measure
the U.S.A. during the last world war. Whether any or all of t
plans can be realized must remain a matter of guesswork. Exp
ences elsewhere do not allow too much optimism. In fact, t
are those who predict chaos and a consequent breakdown of
Government within six months of the introduction of national
tion, which is planned to come into effect before the end of the y

PROSPECTS FOR AGRARIAN REFORM

If Programme Point Nr. 1 seems to offer more threats t
promises, the agrarian reform is, in the opinion of many, an e
more controversial endeavour. Nationalization of the mines
be said to have the backing of 99 per cent of the *movimentistas*,
of all the political parties to the left. Differences of opinion ce
around minor questions only. This is definitely not the case wh
the agrarian problem is concerned. The M.N.R. originally ne
went beyond a demand for reform. But since its accession
power, pressure from the left, both within the party and outs
has grown so strong that President Paz Estenssoro, for one, has
nounced the use of the word 'reform' in favour of that of 'revo
tion'. For such a revolution many in his own party are not yet rea
For the time being the Government is limiting itself to making s
that the decrees issued under Coronel Villarroel will at last

carried into effect. These decrees abolished certain feudal forms of exploitation, fixed the exact kind and duration of services which the Indians have to render in lieu of payment for the plot of land the estate-owner gives them in usufruct, established rates of pay for additional services, and obliged the estate-owners to provide schools. Government officials travelling about the country have been careful to tell the peasants that estates run by their owners in a satisfactory manner will not be touched, and that both Indian peones and landowners have duties to fulfil.

But in many regions the Indians, after four hundred years of a feudal or semi-feudal regime, are no longer willing to listen to the voices that preach harmony. For years now landowners have complained that the Indians, if not in a state of open rebellion, at least refuse to carry out their obligations. This passive resistance is supposed to have been inspired by agitators. Some are certainly on the move in the rural areas. The Miners' Union is also sending delegates to encourage the dependent farmers to form unions of their own—not altogether a strange interference, since both miners and peasants are more often than not of the same racial and maybe family origin. But neither agitators nor delegates are sufficient in number and ubiquitous enough to explain the increasing restlessness of the peasants. An era is coming to an end, in Bolivia as in other parts of the world. That the land should belong to those who cultivate it is a demand now too widely recognized to need large groups of agitators to turn it into a popular slogan. A tremendous social force is getting into motion. In the long run the M.N.R. could not oppose it since, unlike any of the other parties so far in power, it depends on the support of the masses.

THE END OF THE ARMY

And the masses are armed now. They wrested thousands of rifles and light machine guns from the army, in addition to those handed to them early in the April revolution by the police who then made common cause with the people. Orders were given that the workers should hold on to their weapons; occasion might arise when they would have to fight once more against the 'Rosca', that is, the upper class which, according to the M.N.R., 'used like an octopus to hold the masses in its throttling embrace'. But not only the workers are armed. The M.N.R. has behind it its own militia consisting of the *Comandos*, the *Grupos de Honor*, and the *Avanzadas Universitarias*. And though the peasants were not supplied

with arms, many of them have meanwhile bought them from *compañeros* in town who found themselves in need of money.

The former army has almost disappeared. It was too closely identified with the hated 'Rosca' and with a series of massacres, above all in the mines, to be acceptable to the people. The police, on the whole equally detested, only saved itself by switching sides on the very eve of the revolution. After its temporary disbandment, the army was further debilitated by a succession of dismissals of high-ranking officers. But when in September a group of trade union leaders put forward the demand that it should be dissolved altogether, leading M.N.R. members protested. The Government intends to reorganize the army and turn it into a productive factor It wants to employ the conscripts (roughly 12,000 per year) on road construction, colonization of the sub-tropical regions, mechanization of agriculture, and so on. Detailed plans for such a transformation are now being worked out, but it will need time and patience and a good deal of political stability to reshape it into a disciplined cohesive military force.

THE OPPOSITION

Whether that stability can be obtained is a different question. At present there would seem to be little danger from the right. The 'Rosca', never numerically very strong, is now dispersed in more or less voluntary exile. Only the *gamonales*, the wealthy landowners, have remained behind in a completely uncertain situation which they have little or no power to alter in their own favour. The big mining companies have their headquarters abroad and may certainly from there embark on a long-term policy of strangulation, but they are represented in Bolivia only by a number of top employees who are in no position to serve as a centre of resistance and who in any case will soon be leaving Bolivia.

In August the Government announced that a terrorist Falangist plot had been discovered, in which university professors and mining representatives were said to have played a leading part, but for unbiased observers it was difficult to take the matter too seriously. In any case, even for the accused it had no greater consequences than some questioning and a few brief confinements in the more distant regions of Bolivia.

But all this does not mean that the M.N.R. is safe. It can be overthrown by economic resistance from outside. It can be forced out of office by a general economic crisis resulting from its own

rrors. And, finally, it has to face in the near future the possibility f a split in its own ranks, and even of an overthrow from the left. t is from the workers' unions that the most serious opposition iight arise, largely through the Government's own fault. While let the first months slip by, all too confident of the workers' delity to its cause, a small but well-indoctrinated group of 'rotzkyist and Stalinist union leaders, working independently of ıch other, tried to get the members behind their own particular ogans. They also managed to obtain, through skilful handling, ıe majority of votes for their own men and proposals at various ational conventions, from those of the teachers to printing workers ıd university students. As a rule those who voted in favour were ot even aware that they were following the Communist line.

A case in question is the now general demand for 'nationaliza-on of the mines without payment of indemnity'—in other words, ır outright confiscation—which greatly embarrasses the Govern-ıent since the latter has been anxious to maintain that all pro-:dures would be kept strictly within legal and constitutional ounds. Again, whereas in a number of fields the Government ould gladly accept the help of foreign technicians either from the nited Nations or under Point Four, both the Communist groups ıve been pressing for the expulsion of those 'disguised imperial-ts'. Juan Lechin, the miners' leader, has threatened for a long me to resign from his Cabinet post as Minister of Mines and etrol, since his first loyalty belongs to his men. Again and again : has been persuaded to stay, not only for the sake of political ıity, but because through his presence in office the Government ould hope to control the traditionally rebellious miners. But the uce cannot last indefinitely.

The left is well-prepared for the showdown. It continues its :nerally successful attempts, through the unions and local M.N.R. 'ganizations, at eliminating the less radical representatives, hether as local leaders or in important Government offices. lways so far the Government has yielded, unable to resist organ-ed pressure which is generally brought to bear upon it by the iners' union, the most powerful section of the C.O.B. (*Central brera Boliviana*). This was seen again in September when the ficial journal of the C.O.B. published a declaration of principles ıat were obviously Communist-inspired. Thereupon some 150 gh-ranking members of the M.N.R., including several Cabinet linisters, issued a manifesto in which they firmly condemned the

document: 'The M.N.R. is by its nature a national party and consequently opposed to international Communism. Ninety per cent of the workers are nationalists and belong to the M.N.R.; while the large majority of the leaders of the C.O.B. are Communist elements of the various Internationals.' The manifesto pointed out that the M.N.R. postulates the nationalization of the mines, the railways, and all public services, but will respect international agreements and property rights. As for the agrarian revolution, it aims at a more equitable distribution of land, but the M.N.R. will neither consider nor advocate the liquidation of private property. 'The M.N.R. declares that the National Revolution is not merely a stage to create favourable conditions for the establishment of the dictatorship of the proletariat, and will oppose with all its means the attempts of the Communist minority which aims at such a dictatorship.'

No such plain language had as yet been spoken, but it was deemed unwise, since it brought the whole quarrel into the open. To calm down the situation, Juan Lechin, as Executive Secretary of the C.O.B., disowned the declaration of principles, while the President of the Republic, as chief of the M.N.R., forbade all future manifestos except those emanating from the National Political Committee of the M.N.R., of which he is the head. The President also used the opportunity of some local festivities in the east of Bolivia on 24 September to ask for complete unity from his party during the crucial days prior to the nationalization of the mines: from all divergencies and fights within the party only the 'Rosca' would benefit. The first M.N.R. congress was to have taken place early in October to determine the official party line, but it was postponed for reasons of political expediency. As things are at present, it would only lead to a general fight.

The President has used the threat of a Communist coup as one of the weapons in his negotiations with the U.S.A. for higher tin prices, a long-term contract, and friendly acceptance of the nationalization of the mines. It is, as so many weapons are, a two-edged one. At present it is not yet clear whether it can be used with proper effect. But this much at least is certain: Bolivia is a country on the march, and no indications are visible that anything could stop those forces now in motion.

L. L.

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Notes of the Month

'udgment on the 'High Court of Parliament Act' in South Africa

THE tercentenary of European settlement in South Africa has ·een made memorable by the most serious constitutional and olour crises in the history of the subcontinent, and by two itally important and unanimous judgments of the Appellate)ivision of the Supreme Court of South Africa. The period of ight months which has separated the two judgments has inflicted ıtense strain on the peoples of all racial and language groups, and uman relations have deteriorated to the point where it is almost npossible to forecast the probable course of future developments rith any accuracy. The main cause for satisfaction lies in the uality of the men who compose the Judiciary, and it is possible ıat their impartiality and firm adherence to the principles of the ıw may yet prove of fundamental importance in restoring a sense f confidence and stability to the Union.

On the other hand the position in South Africa today is very ifferent from what it was in March of this year. A wave of hope wept through the great majority of the peoples when the Appeal 'ourt unanimously held the Separate Representation of Voters ıct to be 'invalid, null and void, and of no legal force and effect', ut, despite the Government's formal acceptance of the same erdict on the High Court of Parliament Act, the peoples' reactions) the second judgment have been marked by an understandable ncertainty. The creation of the 'High Court of Parliament' was nly one of several seemingly legal devices which the party in ower could adopt in order to achieve its purpose of removing 'oloured voters from the common roll; and there has already been pen reference to the device of appointing sufficient additional enators to ensure the two-thirds majority of both Houses of arliament required in terms of the Constitution.

Attention is now directed mainly to the General Election to be held about April 1953. The fact that the Coloured voters will remain on the rolls certainly improves the Opposition parties' chance of success, but the Non-European passive resistance movement, and the bloodshed which has recently marred race relations, have introduced potent new elements into the mainly inter-White struggle for the control of the Government. Nationalist political leaders have not hesitated to play on White fears and prejudices, which appear to have been strengthened by these internal events, and they have made effective use of the Mau Mau terrorist movement in East Africa to support their plea for White unity in South Africa and the continued White control of political power. If the Nationalists continue to exploit such fears it seems probable that they will again succeed in the 1953 Election, but their success will almost certainly condemn South Africa to prolonged racial strife.

At the same time, and although the Opposition parties will undoubtedly have the utmost difficulty in doing so, it is possible that they can succeed in convincing the White electorate that only their own very moderate Non-European policies offer South Africa the prospect of reasonably harmonious economic and other development. To succeed in this task it is essential that the United Party, in particular, should take the initiative in going to the urban and rural voters to explain the economic realities on which their Non-European policy is based. Many aspects of this programme are not acceptable to the Non-European people, but, in a dynamic society, policy will, inevitably, be subject to change and adaptation; and the present policy of the United Party does at least offer South Africa immediate relief from the most serious tensions which today threaten the whole fabric of the nation. Courageous, constructive, and energetic action on the part of the United Party, in the months which remain before the Election, may also have the important effect of awakening hope and restoring confidence to the Non-Europeans: a pre-requisite if the resistance campaign is to be abandoned or postponed, so that a less highly charged emotional atmosphere may be created in sufficient time to permit the voices of reason to register among the electorate.

The Soviet Communist Party after the Nineteenth Congress

JUST over forty-nine years ago the Russian Social-Democratic Workers' Party split, over the issue of members' duties, into two fractions: the Bolsheviks and the Mensheviks. When already in

rer, the former group, in March 1918, adopted the name of
ssian Communist Party (Bolsheviki), which in 1925 was changed
All-Union Communist Party (Bolsheviki), V.K.P.(B.) for short,
conformity with the name of the country, which a few years
ier had been changed from Russian Socialist Federation of
iet Republics (R.S.F.S.R.) to Union of Soviet Socialist Re-
lics (U.S.S.R.). The latest Party Congress introduced yet
ther name, 'Communist Party of the Soviet Union', omitting
lsheviki'. The reasons given for these changes by N. S.
rushchev (*Pravda*, 13 October 1952) were that the new style
in conformity with that of Soviet State organs, and that the
ds 'Communist' and 'Bolshevik' are really synonymous. Whilst
first reason appears to be merely formal, the second is deeper
ed. The word 'Bolshevik' has a long tradition and evokes
nories of years of illegal work against Tsarism, of fractional
iggles and the final break with the Mensheviks, and, above all,
he struggle for power and the first steps towards a socialist
letarian State. The name 'Bolshevik' has now little significance
the younger generation, and for the old it can only be an awk-
d reminder of the Old Guard, most of whom perished in the
it purges of the middle 'thirties.

'ogether with the new name, the nineteenth Party Congress
pted new statutes and set up a commission to draft a new party
gramme for submission to the next Congress. The period
ween the Congresses has been extended from three to four
rs (no explanation is given for the lapse of thirteen years since
last Congress), and the formerly customary preparatory Party
iferences have been abolished. The Politbureau and its less
wn counterpart the Org-bureau have been dropped. Instead,
enlarged Central Committee of 126 members has elected a
sidium of 25 (plus 11 candidates) for the conduct of business
ween its six-monthly plenary sessions (which no doubt will
subdivided into smaller, less unwieldy bodies), and re-elected
Secretariat (now comprising ten members) for the current
k, and for supervision over the execution of Party decisions and
selection of cadres. Stalin, as Chairman, Malenkov, Pono-
enko, Suslov, Khrushchev, and two of the younger generation,
B. Aristov and N. S. Mikhailov (formerly Secretary of the
nmunist Youth League), are members of both the Presidium
the Secretariat. The Party Control Committee is headed by
F. Shkiryatov. The Central Committee has been given the

right to set up under its immediate leadership, if considered necessary, temporary 'political departments' (*politotdely*) in any important section of economy, as a sort of ginger group.

It appears from the Mandate Commission Report (given by N. M. Pegov) that party membership between the eighteenth Congress (1939) and the present one has grown from 1,588,852 members (plus 888,814 candidates) to 6,013,259 (plus 868,886 candidates, many of whom, so Pegov said, would have long ago become fully-fledged members were it not for the dilatory work of some of the Party organizations). The Congress was attended by 1,192 delegates with voting power and 167 with a consulting voice (representing the Party candidates).

Only 1·2 per cent of the delegates had been members since before 1917; 36·4 per cent had joined the party in the 'twenties, 36 per cent in the 'thirties (the decade of forced collectivization and the trials); 16·1 per cent were war-time newcomers; and 4·1 per cent had entered since. In other words, practically all the delegates had joined the Party since Stalin's rise to power. The age of the leading Party and Soviet officials has risen, indicating a stabilization of the leading personnel: 61·1 per cent of the delegates were between forty and fifty years of age; 15·3 per cent over fifty; 17·7 per cent between thirty-six and forty; and only 5·9 per cent under thirty-five. Only 12·3 per cent were women, and only two were elected to the Central Committee; this is somewhat surprising in a country which in its propaganda emphasizes the existence of complete equality of opportunities for the sexes. No indication was given as to the social status of the delegates, but this can be deduced to a certain extent from their educational background. Eighty-four delegates had an uncompleted and 709 a completed high school education (among the latter Pegov named 282 engineers, 98 from the teaching profession, 68 agricultural specialists, 18 economists, 11 doctors, 7 lawyers; the unspecified rest were probably professional Party officials); and 176 delegates had an uncompleted and 223 a completed secondary school education. There were none with elementary schooling alone, and purely elementary education is still quite the rule in the countryside. It would therefore seem that nearly two-thirds of the delegates came from the privileged strata of society, since the re-introduction of school fees in 1940 made for 'natural selection' by the purse.

The new membership fees will range from ½ per cent of the

es of those earning under 500 rubles a month, to 3 per cent for
e earning over 2,000 rubles.

Value of Chinese Trade to Britain

recent months Chinese spokesmen and writers have made
h of the importance to Britain, and to other Western countries,
ade with China. The theme was expounded at the time of the
nomic Conference in Moscow in April, and the leader of the
y picked by the Britain-China Friendship Association to visit
na recently adverted to it in his statement at the end of the
. The real reason for this interest in trade with the West is,
he words of Chen Han-seng writing in a Shanghai journal,
'as industry develops demands are mounting for capital goods
materials, raw materials for the chemical industry, transport
cles, tractors, and agriculture machines.' Dr Chen remarks
materials and equipment are being received from Russia and
tern Europe but goes on to say that 'in the course of our in-
rial development we will need more than what these countries
export to us. We definitely want to increase our imports from
United States, Britain, France, Japan, and India. However,
t the trade rupture with China, caused by the policy initiated
he United States and adopted by West Europe, will cost the
kading nations is infinitely more than the damage done to us.'
Vhile hostilities continue in Korea it is of course improbable
the British Government would permit the export to China of
t of the goods mentioned, and imports less capable of sustain-
a war economy seem to be of much less interest to the Chinese.
eems unlikely, however, that the subject would be pursued
ı such vigour, whether as propaganda or with the genuine hope
ncreasing imports, unless the Chinese Government really
eved that the China trade was of great significance to Britain
other countries. It is therefore of some interest to look at the
al figures of British trade with China. The position is com-
ated by the existence of Hong Kong, and, owing to the difficulty
eparating Chinese from non-Chinese trade, the following per-
ages include all United Kingdom trade with Hong Kong as
were trade with China. The importance of the Chinese trade
ıerefore if anything somewhat overstated.

'he highest percentage of total British exports reached by
ish exports to China and Hong Kong in the decade before
) was in 1932, when they were 3·47 per cent; 1932 also had

the highest percentage, 1·79, of all trade. The highest percentage for imports was 1·04 per cent in 1929. In 1936, the last year before the outbreak of the Sino-Japanese War, trade with Hong Kong and China amounted to 1·26 per cent of British trade, with exports at 1·79 per cent and imports at 0·99 per cent. The chief items imported from China and Hong Kong in 1936 were eggs, bristles, vegetable oils (mostly tung oil), tea, and tin. Tea from China comprised less than one-fiftieth of total British imports of tea, vegetable oils under one-ninth, and tin under one-twelfth Eggs from China, on the other hand, comprised between one-quarter and one-third of British imports of eggs by value, and bristles the bulk of the supply. The value of total imports in 1936 was £7,618,000 from China and £754,000 from Hong Kong £107,000 worth of imports was also received from Manchuria. By comparison imports from the British West Indies, British Honduras, and British Guiana amounted to £9,112,000, from Sweden £20,629,000, and from Belgium £18,645,000. The figures for China and Hong Kong, if combined, would have enabled them to rank twenty-third amongst the United Kingdom's sources of supply in 1936.

The more important items exported from the United Kingdom to China and Hong Kong in the same year were iron and steel and their manufactures; wool tops; machinery; vehicles; and chemicals, drugs, and dyestuffs. The total figures for exports were £5,780,000 to China, £2,105,000 to Hong Kong, and £33,000 to Manchuria. The comparable figure for exports to the West Indian territories was £6,434,000, to Sweden £10,387,000, and to Belgium £9,466,000. The combined figures placed China and Hong Kong sixteenth in the list of British markets.

In the last full year before the outbreak of the European war, 1938, British trade with China and Hong Kong had dropped to the lowest percentages of the decade, 1·69 per cent of all Britain's exports and 0·76 per cent of all her imports. The percentages of British exports and imports for the past five years, with exports to China and Hong Kong first, are: 1947: 2·24 and 0·52; 1948: 1·85 and 0·66; 1949: 1·68 and 0·61; 1950: 1·44 and 0·86; and 1951: 1·47 and 0·56. In 1948, the last year before the triumph of the new regime, the value of exports was £8,650,000 to China and £20,575,000 to Hong Kong, out of total exports valued at £1,582,000,000; imports amounted to £8,201,000 from China and £5,510,000 from Hong Kong, out of a total of £2,078,000,000.

The goods in the trade changed little in 1948 as against 1936, though vegetable oils became the leading import and machinery the leading export.

There seem to be two main reasons for the exaggerated Chinese belief in the importance to Britain of trade with China. The first lies in the importance to China in the past of trade with Britain. In 1936, 10·6 per cent of Chinese trade was with the United Kingdom and 7·5 per cent with Hong Kong, though the second was not all of course ultimately trade with Britain. In 1922, when almost half British exports to China and Hong Kong were still cotton textiles, 11·5 per cent of China's trade was with the United Kingdom and 25·5 per cent with Hong Kong, while trade with China and Hong Kong was only 2·29 per cent of British trade. Earlier still, when Britain supplied the great bulk of China's wool and cotton textile imports, the percentages were even greater. As late as 1907 over half China's trade was with Hong Kong and the United Kingdom, the percentages in that year being 13·1 for the United Kingdom and 37·1 for Hong Kong.

The other reason why British trade has been over-estimated by the Chinese lies in the nature of the British firms operating in China and the existence of large British assets in the former Concessions and Treaty Ports. In 1941, according to a British official estimate made in 1947, British business investments in China were worth about £124 million, while the capital represented by Chinese Government and railway bonds quoted in London added about £53 million to the total. These figures, which do not include the value of British-owned shipping operating in the area or of assets in Hong Kong, were thought to underestimate rather than to exaggerate the value of the assets in China. The latest official estimate, made by Mr Eden in the Commons on 20 May 1952, was that the figure was probably 'something between £200 million and £250 million'. In practice the British firms operating in China loomed larger in Chinese eyes than these figures would indicate, for one of their most important, though intangible, assets lay in their knowledge of trading conditions in China and in the reputation they had acquired from years of activity in China.

These assets seem however by now for the greater part to be lost to Britain. The relinquishment of British rights under the 1943 Treaty and subsequent events had probably reduced their value by 1949, and the present regime has in the past made no effort, nor will, so far as can be seen, in the future—to put it at

its lowest—to prevent their extinction. Indeed, in Mr E
words, 'most of the British companies have reluctantly co
the conclusion that they can no longer operate satisfactorily i
China'. Mr Eden, it is true, went on to remark that both
Majesty's Government and the firms themselves remain conv
of the need and desirability for British trade with China
continued', and suggested some new form of organization am
the firms to achieve this. But there seems little real prosp
any considerable recovery of British interests in China.
interests have, in recent years at least, lain mainly in the
shipping, banking, and other services provided by the great B
concerns rather than in direct trade. The Chinese no longer
these services, and so far as trade is concerned they export
of vital interest to Britain and are anxious to import only
goods as, quite apart from the present 'strategic' considera
are least difficult to sell elsewhere.

Danish Defence Expenditure

An article on Denmark in the October issue of *The World*
gave figures of present Danish defence expenditure. A stat
recently published by the Danish Ministry of Foreign A
throws interesting light on the total State expenditure on de
incurred since the financial year 1946–7. It will be seen fro
table quoted below that this expenditure was very much h
than could be gathered from statements made at various tin
the Danish Rigsdag, which apparently usually referred to exp
ture for some particular section of defence. Figures in br
represent the percentage which defence expenditure bears t
total State expenditure.

1946–7	Kr.	77,000,000	(abt.	£3,850,000)	(9·2)
1947–8		253,000,000	(,,	12,650,000)	(10·5)
1948–9		333,000,000	(,,	16,650,000)	(11·5)
1949–50		366,000,000	(,,	18,300,000)	(13·6)
1950–1		363,000,000	(,,	18,150,000)	(13·4)
1951–2		571,000,000	(,,	28,550,000)	(17·8)
1952–3*	abt.	775,000,000	(,,	38,750,000)	(21·1)
1953–4*	,,	1200,000,000	(,,	60,000,000)	(29·5)

* Preliminary Estimates

The Eisenhower Victory

Post-Election Prospects

THE election in the United States on 4 November was a personal triumph for General Eisenhower. He defeated a Democratic opponent whose party had been in power for over twenty years; his 33 million popular votes, more than any presidential candidate had ever been given before, came from every group and every section of the country, from the south, the cities, and the trade unions, the three rocks on which the Democratic strength was built, as well as from the midwest, the farmers, and the business men on whom the Republicans have relied for their past successes. And, most important of all, Americans showed that it was Ike they liked, not the Republican party, by their voting in the Congressional elections, which were held simultaneously.

Usually a presidential candidate, particularly one who wins a victory of the Eisenhower proportions, brings back with him enough of his party's Congressional candidates to dominate at least the House of Representatives, if not the Senate. But this year in neither Chamber of the new Congress will the Republicans have more than a bare majority. In the Senate they will have to depend on the casting vote of the Vice-President, Mr Nixon, should the rebel Senator Morse decide to support the Democrats; in the House they will have only 3 or 4 votes above the necessary 218.

This is the result that was anticipated in the early spring, when the Republicans were being urged to nominate General Eisenhower because it was believed they could only win with a candidate who had more popular appeal than his party. The months of campaigning across the country by train and television, the speeches and the sensations, all on a larger and perhaps more bitter scale than ever before, apparently made little or no difference to the result of the election. They have, however, made a great difference to General Eisenhower's reputation, not, obviously, with the average American voter, but with informed observers, and particularly newspapermen, who followed the campaign closely in Washington and even more in Europe. When General Eisenhower left Paris in June, he left behind him a certainty that, so far as the interests of the free world were concerned, there could be no better President for the United States. But now, whether justifiably or not, this certainty has become a doubt.

To some extent the reason for this change is to be found not in the General, but in his opponent. In nominating Governor Stevenson as their candidate, the Democrats chose a man whose political stature bears comparison with that of Abraham Lincoln or Woodrow Wilson, especially as regards the high quality of his speeches and his refusal to sacrifice principle to expediency. He was a man after the hearts of journalists, especially European ones and many of their reports on the election were coloured by their enthusiasm. The deep disappointment felt in certain quarters both at home and abroad at Mr Stevenson's defeat is partly explained by this and partly by the fact that it was he who fought the high level campaign, far above ordinary party controversy, that had been expected of General Eisenhower, while the General came down into the mud of the political arena.

But above all the explanation lies in the weaknesses which the General revealed once he was in that arena. It was not that he was a poor orator; he improved in that respect as the campaign went on, and in any case this fault was more than compensated for by the warm friendliness of his impromptu talks. It was not that he showed a remarkable ignorance about controversial domestic issues; he improved in this respect also, and in any case these were not questions with which he had previously been concerned in any way. But he showed an almost inexcusable unawareness of the implications of his remarks on questions with which he had been very much concerned; his attention had to be drawn, for instance, to the near certainty that 'liberation' of the countries behind the Iron Curtain meant world war. And the man who was nominated over the fierce opposition of the die-hard wing of his party seemed ready to tolerate the most objectionable members of that wing, the witch-hunters and the isolationists, and to sympathize with the conservatives, many of whose views on domestic matters he apparently shared.

The General's friends say that these and other disquieting developments were needed to make his victory certain, to win the votes of the special groups, such as Polish-Americans, and to ensure that the party machines did their best for the General. If indeed, as is to be hoped, he was guided only by election strategy, not by conviction or lack of ability, he now has every chance to prove it. For the completeness of his victory has removed any need to make concessions for the sake of party unity; the voters have given General Eisenhower a clear mandate to govern as he

ot as his party decides. In the course of his campaign he d himself a quick learner. Then he learnt to be a politician, e will have to learn to be a President.

has begun well, showing both statesmanship and sportsman- n consenting to co-operate at once with President Truman anging the transfer of public business; the last time a new took office, in 1933, Mr Roosevelt rejected a similar offer Mr Hoover. Nowadays the period before the Administration es on 20 January, a period during which all but routine nment business is inevitably at a standstill, is shorter than 33, but the importance of the operation to be transferred is ely greater; the Government is now spending some $80 a year and employing over 2½ million civilian workers. e most of his predecessors, General Eisenhower, great as is owledge of one branch of this huge machine, has neither istrative nor Congressional experience. Furthermore he will o replace, and will wish to replace, the managerial staff down wer level than would be necessary under the British system; is no American equivalent of the Permanent Under-Secre- Civil service conditions of employment have now spread ar through the American bureaucracy, but a change of party ver still means not only a new Cabinet, but new Ambassadors st of the important capitals, new heads for such bodies as utual Security Agency, and a completely new set of advisers e President.

neral Eisenhower has already chosen two of these. Mr Joseph e, a Detroit banker with wide experience as financial expert Government in occupation areas, will sit in on the final of drawing up the Budget for the fiscal year beginning next which President Truman must by law present to Congress he goes. Mr Henry Cabot Lodge, one of the General's faithful Republican supporters, who has just lost his seat as or for Massachusetts, will act as a liaison with other Govern- departments on the General's behalf. Neither, it is emphas- will take any responsibility for decisions made during the n period, but at least they will know the reasons for these ons and the background of problems that are undecided the General takes office. This should save him from mis- ing, through ignorance, any sudden crises, in the Middle for example, and should enable him to work out a construc- pproach to important issues quickly. To facilitate this still

further, the General is already announcing the names of those who have agreed to serve in his Cabinet.

The most important of these appointments, that of Mr John Foster Dulles as Secretary of State, will ensure continuity in foreign affairs, for Mr Dulles, a strong advocate of a bipartisan policy, was until recently working with Mr Acheson. He is also a bridge between the two wings of the Republican party, for he is close to Governor Dewey, the party's liberal leader, and was also favoured for the post by Senator Taft. For the other appointments so far announced, notably that of Mr Charles Wilson as Secretary of Defence, General Eisenhower seems to be choosing men of administrative and business experience who will bring to the Government an efficiency it has often lacked under the Democrats. Unlike most Presidents-elect, the General comes out of the campaign with no commitments as regards Cabinet posts, and he can therefore make full use of his ability, for which he has always been famous, to choose good advisers and to give them a free hand

A further indication of whether the General intends to strike out on his own or to follow Senator Taft's lead will come with his Inaugural Address on 20 January. The proposals in it will be outlined in more detail in subsequent requests to Congress for specific legislation. As long as the prestige of his victory is upon him, for some months at least, these requests will almost certainly be granted, in spite of the narrowness of the Republican majorities in Congress. It is, incidentally, important that the Republican party has a majority, however small, in both houses, since it means that it will have no justification for covering any failures while in office with the excuse that it did not control the legislature. But in practice the new Congress, like the old one, will divide, on ideological rather than party lines, into two coalitions. Their exact make-up will be fluid, with the widest variations depending on whether international or domestic issues are being considered, but basically the division will be between the conservatives, the southern Democrats, and the mid-western Republicans on the one hand, and the liberals of both parties on the other, most of whom come from the big cities.

General Eisenhower gave few promises during the campaign and those he did give were carefully vague, which explains why there is so much doubt about the policies he will follow now that he has been elected. His most positive undertaking, which was accompanied by outspoken criticisms of developments before and

r the outbreak of the Korean war, was to go to Korea and see himself what could be done. This was frequently, although ırrectly, interpreted to mean that he would bring the war to an , or at least reduce American participation in it, and it certainly ı him many votes, particularly among women.

new approach to this war, and to the whole question of Far tern policy, is therefore to be expected from the General, but s not the man to let the United States shirk its international ›onsibilities, either in the Pacific or in Europe. No one, more-r, is better qualified to lead the country in the reshaping and ›rdination of all its foreign aid programmes, which is already ·due. This can hardly fail to involve an attempt to substitute le for aid as a means of enabling other countries to earn dollars ead of depending on grants. General Eisenhower realizes the essity of this, but his first battle with his Congress may come r tariff policy, since the Reciprocal Trade Agreements Act st be renewed before next June.

conomy, in foreign aid, in defence, and in every other branch overnment, was another of General Eisenhower's promises, to accompanied by tax reductions. It is difficult to see how this be achieved quickly, but it had much appeal for an electorate ch feels it has been cheated by high taxes and high prices out of better standard of living increased earnings should bring. ıeral Eisenhower's victory was in fact largely a reaction against party in power, a party which, rightly or wrongly, carries ›onsibility for an unpopular war and an expensive rearmament gramme, for allowing corruption to grow in government, and hesitating to root out Communist influences in Washington.

ut the reaction would not have gone as far as it did had the rs not been offered a candidate whom they admired and trusted; n the evidence of the Congressional results it is doubtful if any er Republican candidate could have won. And the reaction was ch more against Democratic mismanagement than against nocratic policy. What the voters trusted General Eisenhower lo was to follow the same policies by different means, both ɔad and at home, to continue international co-operation and ıestic prosperity.

'he latter involves two things: the social insurance, the farm e support system, and so on—the American version of the lfare State—which General Eisenhower definitely undertook to tinue; and a readiness to take up the slack in the economy, by

means, for instance, of credit manipulation and public works, should there be any signs of a recession. Such signs are likely to appear in the second half of next year, when the rearmament programme will be levelling off; its ability to deal with such a situation may well be the Eisenhower Administration's first real test—and if it fails it may also be its last. Such a situation would show conclusively whether General Eisenhower has the ability, which some doubt, to initiate policy. In the past he has only had to carry out broad directives from above; now he must write his own. It would show too whether he is prepared to break away from the conservative Republicans, who run the party machine, in and out of Congress, who would reject as socialistic any bold attempts to deal with an economic crisis.

Failure to deal with such a crisis would mean a Democratic return to power in 1956, for to the American voter the word Democrat has become a synonym for prosperity. And the Democratic party, in ruins as it is today, still has a firm foundation on which to build. The solid South was shattered by General Eisenhower's battering ram, the city machines were cracked beyond repair, the labour vote escaped from the trade union leaders, but nevertheless Governor Stevenson's record of 27 million votes was only exceeded by President Roosevelt in his great triumphs. If the Republican party is to stay in power, it must allow its leader General Eisenhower—and he must allow himself—to put the country above his party, to be a truly national leader. The opportunity is his: if he takes it he can be as victorious in peace as he was in war.

N. B.

The Satellite Police System

MOST of the police forces of the satellite States are military formations, recruited, trained, and organized as ordinary armies. They include units which are not even known in the West. The Czechoslovak Police Force, for example, consists of six different organizations: National Security troops, Frontier Guards, Secret Police, Prison Guards, Factory Militia, and People's Militia. The Prison Guards are subdivided into labour camp units, transport

ps (units escorting prisoners and deportees throughout the ntry), and ordinary prison guards. The People's Militia (in e satellite countries known as 'Local Militia') consists of many cellaneous formations, including harvest militiamen, collective guards, and railway troops (units guarding the railway lines stations, roads, bridges, canals, etc.)

'he exact number of all these forces is, of course, a carefully rded Communist secret. But there are sufficiently reliable gee reports, as well as references in the satellite press, to enable o make an approximate estimate. For all six satellites (Poland, choslovakia, Hungary, Rumania, Bulgaria, and Albania) esties of the total vary between 600,000 and 850,000. Most prob- the correct figure is in the neighbourhood of 700,000, made as follows: Poland, 200,000; Czechoslovakia, 150,000; Hun-, 120,000; Rumania, 150,000; Bulgaria, 100,000; and Albania, 00.[1]

olice credits are no longer published in any of the satellite gets. During the debate on the 1952 Polish Budget, however, a sh deputy revealed that the credits for the Ministry of Security d at 4,272 million zlotys; in 1950 they were 1,300 million, and million in 1948, so that during the past four years there has an increase of over 610 per cent. It is interesting to observe the Polish army estimates have increased, over the same od of four years, at roughly the same rate. They were 1,023 ion zlotys in 1948, 2,500 million in 1950, and 6,600 million in 2—an increase of 660 per cent.[2] In other words, Polish police enditure has never fallen below 60 per cent of the evereasing military expenditure. It seems probable that the police lits of the other satellites are equally large, amounting, as in nd, to about two-thirds of the huge army credits. By way of parison it should perhaps be recalled that the annual credits for British Police are £30 million, or about 2 per cent of the estied current military expenditure of £1,400 million.

'he importance of the police forces is often emphasized by lead- satellite Cabinet Ministers and official spokesmen. The Hunan Premier Matyas Rakosi openly admitted that 'a desperate

'hese figures refer to the uniformed police only. For a most detailed analysis satellite police forces, including auxiliary units and secret police, see Leland e's *Conquest by Terror*, Random House, New York, 1952, chapter 3.

ll figures are calculated in the new Polish zlotys, introduced in 1950. For ailed analysis of the Polish defence and security estimates see *East Europe* don), No. 373, 3 April 1952.

struggle' between Communists and non-Communists had to be waged for the 'capture' of the police force. The Communists managed to take it over 'right from the start'. They took care that it should 'remain a reliable and sharp weapon' in the struggle against the opponents of Communism.[1] The Rumanian party organ *Scanteia* described the police as 'a rigorous organ of the State', which 'crushes the class enemy without mercy' and sees that 'all Government decisions are literally applied'.[2] The Czechoslovak Police Minister, Karel Bacilek, called it 'the loyal and dreaded protector' of the Communist regime.[3]

The Frontier Guards are, perhaps, the 'crack' formations of the uniformed police forces. Their pay is double that of ordinary policemen and, in addition, they receive cash payments for captured or killed 'violators of the frontiers'. These are unfortunate refugees who try to cross the borders and escape to the West. The payment varies according to the political importance of the killed or captured refugee. In Hungary a guard who succeeds in capturing a refugee alive usually receives a fortnight's leave besides his prize money. If he captures or kills another guard trying to escape, the reward is immediate promotion in rank.

The frontiers themselves are no frontiers in the ordinary sense of the word. They are veritable front lines, complete with trenches, mine-fields, dug-outs, rows of barbed wire, concrete pillar boxes, machine gun nests, camouflaged command posts, underground passages, searchlights, and so on. The Sofia Communist paper *Delo* (22 August 1952) proudly declared that Bulgaria's frontiers 'with the imperialist world' have been converted into 'a fortress'. The Bulgarian Prime Minister, Valko Chervenkov, in a speech praising the Frontier Guards, asked them 'to follow the example of their Soviet brothers and seal the frontiers hermetically'. Service in the Frontier Guard is reserved for those regular army conscript soldiers who have distinguished themselves as ardent supporters of the regime. The Officer Corps is professional and consists of officers specially chosen for their political reliability.

Of the police forces stationed in the interior of the country the most important are the so-called 'armed units of national security'. They do not perform ordinary police duties; the People's Militia

[1] Rakosi speech before the Budapest Party Academy on 29 February 1952. For English text see *Iron Curtain News*, Free Europe Committee, New York, 1952, No. 5 (May), p. 43.
[2] *Scanteia*, 23 January 1952.
[3] *Manchester Guardian*, 16 August 1952.

is used for such purpose. They are stationed in several strategically important districts and constitute a sort of reserve army, to be used in case of major disturbances. They are highly motorized; their arms and equipment are of the best quality, and they are constantly 'shown off' at military parades and party demonstrations, as a reminder of the power of the Communist regimes. Like the Frontier Guards, the internal security troops are known for their fanatical loyalty to the Communist party. They might best be compared with the former Nazi S.S. troops.

The Prison Guards, which include the Labour Camp troops, administer and guard the political prisons and the forced labour camps (usually called Labour Educational Camps). Detailed information on satellite slave labour was given to the U.N. Ad Hoc Committee on Forced Labour which recently concluded its third session in Geneva. The Committee, organized in March 1951, under the Chairmanship of Sir Ramaswami Muladiar of India, heard many former camp prisoners give first-hand evidence of their experiences. In the past two or three years many Allied departments dealing with refugees, as well as some refugee organizations, have collected abundant and reliable information on the camps in Eastern Europe. Refugees who have had personal experiences of camp life have been interviewed, and their evidence has been scrupulously checked with previous records. The U.N. Ad Hoc Committee was presented with detailed accounts of the various camps, including carefully drawn maps and sketches of camp buildings and huts. In this way the Committee was able to obtain an idea of the details of prison life, conditions of work, forms of punishment, food, clothing, postal services etc. in each camp.

The full report of the Committee is not expected to be ready before the summer of 1953. So far only a few press releases of the information received have been published. The estimates of the total number of camp prisoners in all six satellites vary between 800,000 and 1,300,000. The camps themselves are known to number over 450. This difference in estimates is due mainly to the lack of a uniform system of 'defining' and describing the different categories of camps. Some camps are run on the Nazi concentration camp system. In fact many of them, especially in Western Poland and Czechoslovakia, are housed in the old Nazi concentration camps. Originally built by the Gestapo, these camps represent small towns of some 30,000 'inhabitants' and more.

Most of the recently built camps, however, are much smaller.

They are situated near large Government building projects, such as, for example, the Rumanian Danube-Black Sea canal. Still others are small-sized 'working colonies', in which the prisoners live in barracks where they are confined only during the night. During the day they go to work, under escort, outside the camps. In addition, small groups of prisoners are allotted to collective farms. They live in not very heavily guarded buildings, or in tents, on the farms. There are also 'transport camps' which house prisoners sent from one camp to another, or deportees for whom no accommodation can be found in their enforced place of internment Special camps exist for women and for young people, and camps for priests, usually set up in old monasteries. In Czechoslovakia, the former Archbishop Dr Joseph Beran of Prague was confined for some time in such a camp at the Nova Rise monastery in Southern Moravia, near the Austrian border. The number of priests detained at this camp is known to be about 300.

In addition to the camps there are the ordinary prisons, which, for all six satellites, are estimated to hold about 250,000 political prisoners. During the summer months nearly all able-bodied prison inmates—except those considered too 'dangerous' from a Communist point of view—are sent out to camps to work on Government building projects. But because of the rigours of Eastern European winters most out-of-door work has to stop between November and March. During these months the number of camp prisoners is at its lowest, as towards the end of the autumn most of the 'ordinary prisoners' go back to prison and those whose sentences expire are set free. Practically no camp prisoners are freed during the summer months. 'Getting-out' time always comes at the end of the so-called working season, in November. At the beginning of the season, in March, all camps are once again filled to capacity. The busiest months for the police are therefore January and February, when the so-called 'quotas' of arrests have to be fulfilled so that the camps may not suffer from lack of working hands. As in Soviet Russia, the police force in the satellite countries is gradually becoming one of the biggest 'employers' of labour in the State.

The People's Militia, which could be described as the 'ordinary police', has to deal with the largest number of 'unreliable elements'. These are the deportees—those families who are ejected from their homes, expelled from their place of residence, and forcibly interned in remote country districts where they live under police

pervision. In Communist language this is the kind of life that is led 'free exile'. Deportations in satellite Europe started im-diately after the end of the war, but they assumed a mass aracter towards the middle of 1948, first in Bulgaria, and, later that year, in Rumania and Poland. The turn of Hungary and echoslovakia came in 1949.

The satellite press has described the deportees as 'reactionary h-columnists', 'capitalists and landlords', and, in general, ople dangerous to public safety' who should not be allowed to ison the atmosphere of the cities'. But reactionaries, capitalists, l landlords form only a very small proportion of the vast number deportees, who are people from all walks of life, representing all fessional classes—teachers, doctors, writers, musicians, artists, l clergymen—whom the Communists consider too independent their liking. These families represent, in other words, the East-ropean intelligentsia, in the 'Continental' sense of that much ised word. They were the eyes, the ears, and the brains of the urgeois society'. They had a profound influence over both the itical and the cultural life of their respective countries. They re 'at the centre of things' in every city and in every village nmunity. In times of foreign occupation or internal oppression xigencies tragically familiar to all Eastern European nations— se families tended to become the rallying points of national istance. In deporting and dispersing the East European intelli-ntsia the Communist Governments have very greatly increased difficulties of any future nation-wide anti-Communist resist-ce movement.

The next big group of deportees are the so-called 'Kulaks' or lage rich'. These are the peasants who have been active in posing the Communist collectivization policy. It seems that the mmunists are unable to impose collectivization in any peasant ntry before 'liquidating the Kulaks in open battle', to quote lin. It is significant that slave labour was introduced in Russia a mass scale only after the Soviet collectivization drive in the 30s.[1] In this respect the satellite collectivization drive is follow-the Soviet pattern.

The most recent big group of deportees is the most unusual one. onsists entirely of Communists and their families. In the past

Forced labour camp prisoners in Russia before collectivization, in 1928, were believed to number more than 30,000. See the chapter on forced labour in id Dallin's *The Real Soviet Russia* (London, 1947).

four years some two million members of the satellite Communist parties (out of a total of 8 million) have been expelled for anti-Soviet and anti-party activities. It is estimated that between 5 and 10 per cent of them have been detained or deported. Including the families this makes about 500,000. The total number of all deportees in the six satellites is reliably estimated at over 2 million.

The deportation of these millions of people and their supervision in exile is a tremendous task keeping thousands of policemen busy all the time. Each deportee has to have a police file with his personal history, details of his property, 'crimes', punishments, movements, and so on carefully recorded in great detail. The deportation procedure itself is very complicated. The deportees are usually ejected from their homes during the night. In the majority of cases only a few hours' notice is given, and the deportees are permitted to take only what the Communist authorities describe as 'personal belongings'—a small suitcase containing the barest necessities. The policemen who order and supervise such deportations have to deal with several families during the same night. All deportees have to be sent in lorries to the railway stations, where special cattle truck trains take them to their places of banishment.

The flats or houses of the deportees present another problem. In theory the deportee remains the owner of the house or flat from which he has been forced out. He agrees, however, to 'transfer' the temporary possession of his house, furniture, and clothes to the police authorities. In their turn the police lease the dwelling, again temporarily, to new occupants. This is not done out of consideration for the deportees, but purely as a means of increasing the power of the police. The new occupants of the vacated flats or houses know full well that their new homes belong to the police. For the police, however, this means more work. Special branches have been organized in all satellite police forces to deal with such 'housing' problems.

But the People's Militia has to supervise not only deportees and internees living in 'free exile': it has also to keep a careful and constant watch on every citizen, irrespective of his or her social position and political importance. As the Czechoslovak Police Ministry announced last August, special 'auxiliary guards of public safety', consisting usually of three 'volunteers' working under the direct orders of a police official, have been formed even in the smallest farms or tractor stations. In some satellite countries

these auxiliary police units are called 'watch committees'. During the summer they form themselves into 'harvest militiamen' and keep a day and night guard on all work in the countryside. A Polish Government decree, passed in December 1950, gave these auxiliary policemen special privileges, protecting them from being prosecuted by their victims should their denunciations prove groundless even by Communist standards. Last April, in Bulgaria, a group of school children was publicly decorated for 'excellent work in assisting the police in the frontier areas.'[1] The children had been trained to 'uncover deviationists', refugees who had tried to escape across the frontiers. Very often police informers appear under the guise of 'newspaper correspondents'. The Hungarian Communist press has called them 'the eyes of the nation'. In the cities they 'roam the factories alertly, their sharp eyes helping to unmask the enemy'.[2]

The activities of the satellite police forces are facilitated by the new Soviet-type laws and rules of court procedure adopted by all satellite Governments. Article 1 of the Rumanian Penal Code, passed in April 1949, stipulates that 'actions which are considered dangerous for society can be punished even when they are not expressly punishable by law'. According to the new Czechoslovak Penal Code enacted in July 1950, a sentence of imprisonment can be extended 'if it appears from the manner in which the offence was committed that a hostile attitude towards the people's democratic regime was demonstrated or intended to be demonstrated'. Furthermore, if an offender, after serving his sentence, has 'not changed his attitude' (towards the Government) he can be given another two years of forced labour.[3] The Sofia Communist paper *Front* (27 February 1952) describes the new role of Bulgarian courts in the following significant terms: 'The courts oppose anyone who openly or secretly hinders the building of socialism. The courts participate actively in the struggle to liquidate all members of the class enemy'.

To sum up. The satellite police forces, organized on Soviet pattern, are powerful military formations of some 700,000 officers

[1] Radio Sofia, 22 April 1952.
[2] *Szabad Nep*, 2 February 1952
[3] For a review of the satellite laws on forced labour see *A Red Paper on Forced Labour* (U.N. Information Office, Washington, 1952). Czechoslovak laws are analysed in *Population Transfers and Forced Labour in Czechoslovakia* (New York, 1951), a publication of the National Committee for a Free Europe. Rumanian forced labour laws are discussed in *The Eastern Quarterly* (London), August–October 1952.

and men. They are the backbone of the Communist reg
Under their direct supervision forced labour has been introc
throughout the whole of Eastern Europe. At present there are
450 forced labour camps, holding about one million prisone
addition to some 250,000 political prisoners detained in ord
prisons. Another two million satellite citizens, men, women
children from all walks of life, all professions, and of all ages
been interned in enforced places of residence. The satellite ju
system has been completely reorganized along Soviet lines.

M.

Hope for the Arab Refugees

The Yarmuk Project

FOR four years the refugees from Palestine have been livir
relief in the countries where they took refuge at the end of
Very few have been taken off the ration rolls into permanent
ployment, and, because the birth rate exceeds the death rate,
numbers increase. In June 1952 the total number receiving
was 881,000, a slightly higher total than in the previous year
obstacles to their resettlement are all too well-known. O
political side, the main obstacle has been the Arab Governm
refusal to accept responsibility for the resettlement of the
gees, on the ground that to do so would be to prejudice
chances of repatriation and the negotiations with Israel. O
economic side, the obstacle has been the low 'absorptive cap
of the refugee receiving countries, an obstacle which would re
even if the political difficulties were removed.

Thus there has been a complete political stalemate, an
economic deadlock. No change in the political situation app
possible until there could be a political settlement in the rela
between the Arab States and Israel, and that possibility see
and still seems, very remote. The prospects of a general econ
expansion great enough to absorb the refugees into produ
employment seemed remote also; for a large expansion v
necessitate the introduction of extensive development schem

utilize the water-power resources of the region. Such schemes would necessitate the investment of capital on a considerable scale, and would also require the support of the Governments, which would have to take the responsibility for projects of this size. Thus the economic deadlock tied in with the political stalemate, and without a change in the political situation could not be broken.

The United Nations Relief and Works Agency (U.N.R.W.A.) until now has appeared powerless to provide a remedy, and has come in for some rather venomous criticism on that account. Yet the circumstances of its foundation, and the nature of its functions, have hitherto seemed to preclude any real attack on the problem. The Agency necessarily works in a political environment, which, as an international organization set up to meet a political obligation, it cannot do much to influence. The refugees rightly consider that they have a claim on the United Nations for relief under the resolution of 11 December 1948, which guaranteed their right of repatriation or compensation. Thus the political obligations of the Agency rule out the sort of solution which a voluntary relief organization might attempt; it is not free to impose its own conditions for the grant of relief, or to use its funds as a bargaining weapon. The economic obstacle prevents any remedy through small 'works' projects, and yet these were all that the Agency's funds permitted; until this year it has been financed on a one-year basis, so that it has been unable to undertake the large-scale investment needed to promote a big expansion in employment, or to operate long-term development schemes.

Yet clearly there could be no beginning of a solution unless some person or organization would act as an international entrepreneur and link up the unemployed labour, the available money, and the technical experts. Appropriately, and rather unobtrusively, the Relief and Works Agency has now begun to act in this way, and to do the things which have hitherto appeared impracticable. As a result, the outlook for the resettlement of the refugees has suddenly improved, both as to the political situation and the economic obstacle.

The Director's Annual Report for the year 1951–2[1] emphasizes that the Agency cannot take part in politics, and, in the sense of attempting to interfere in the relations between the Arab States

[1] *Annual Report of the Director of the U.N. Relief and Works Agency for Palestine Refugees in the Near East*, 1951–52. General Assembly, Official Records, Seventh Session. Supplement no. 13 (A2171), New York, 1952.

and Israel, it has not done so. But it has, none the less, enga
political negotiations with the Arab Governments with the
of trying to produce a more favourable outlook for the emplo
of the refugees. No Arab Government could accept the form
'resettlement ('reintegration' in U.N. phraseology), be
their own public opinion, and that of the refugees, woul
tolerate it. Since last winter, however, the Agency has attemp
work on a new formula of co-operation with the Governn
'the improvement of refugee living conditions'. Throug
Advisory Commission, the Agency has held consultations wi
Governments to consider schemes for economic develop
which they would support for the purpose of benefiting the ci
of their own countries, as well as the refugees, and withou
judicing the refugees' chances of repatriation. The empha
the benefits to be gained by the citizens of the Arab countrie
an advance, because it made refugee employment a by-prod
general economic development, and not vice versa, m
development a means of ridding the United Nations of the b
of relief. Last year's United Nations Assembly approved a
gramme to cost $250 million, to be spread over three yea
which $50 million is to be spent on relief and $200 million o
improvement of refugee living conditions'—that is, on sch
for long-term development.

The wise decision to broaden the scope of such schemes
the availability of the money, have contributed to produce a c
in the attitude of the Arab League. At its meeting last Septe
the League decided to accept the recommendations of its po
committee and resolved that efforts be made to settle Pal
refugees in West Jordan or any others who wish to establish t
selves in other Arab States. This decision did not involve
modification of the League's attitude to repatriation or ack
ledgement of any responsibility for settlement, but it is a
forward, in that the right to settle is recognized. Thus the
Relief and Works Agency, while keeping clear of the questi
a political settlement, has succeeded in securing a degree o
operation with the Governments, and to this extent has broke
political stalemate—a result which has taken much dogged
mism to reach. Optimism in diplomatic circles in the Middle
is not conventional, and U.N.R.W.A's Director has incurred
odium thereby.

In this more favourable political atmosphere, the Agenc

begun to tackle the economic obstacle, and to take the initiative in the introduction of development schemes. It has begun by promoting the introduction of a development scheme in Jordan, because this country has by far the greatest number of refugees, and because the political situation there has been more favourable. Out of the total 881,000 refugees registered in June 1952, 470,000 were in Jordan, 204,000 in Gaza, 104,000 in Lebanon, and 84,000 in Syria. For the 19,000 in Israel the Israeli Government has recently accepted responsibility. About 5,000 are now living independently in Iraq. Thus more than half the refugees are now living in Jordan. Their number tends to increase, because the refugees in Gaza occasionally cross over illegally into Jordan territory.

To appreciate the significance of U.N.R.W.A.'s proposed scheme for a power station and irrigation system based on the river Yarmuk, it is necessary to consider what have been the effects of the refugee influx on the Jordan economy. In very large measure, the refugee problem now resolves itself into the question of what proportion of the refugees at present in Jordan can be given employment there, under existing conditions, or when the development scheme is undertaken. One of the many tragic features of the refugee situation is that so large a proportion of the refugees have taken refuge in that country, and would prefer to remain there; and it is there that the Arab Governments also would prefer them to remain; yet, with the exception of the Gaza strip, it is the country where the opportunities for employment are most limited.

Prior to the arrival of the refugees the population of Jordan may be estimated to have been some 900,000, between 450–500,000 on the East Bank, formerly Transjordan, and between 400–450,000 on the West Bank, formerly included in Palestine. Thus the influx of 450,000 refugees represented an increase on the indigenous population of something like fifty per cent. Obviously no country, even an advanced country with a rapidly expanding economy, could hope to absorb into employment an increase of population of such proportions. Jordan is not, of course, an advanced country; on the contrary, it is exceptionally poor and backward, a marginal economy in every sense of the word. The former State of Transjordan just succeeded in feeding a small and fairly sparsely settled agricultural population, and exporting a small surplus of grain. It had no shortage of land because the population was small, but it was growing fast, and there were no great possibilities of expanding

the area of rain-fed cultivation, a narrow strip which has spread out eastwards in recent years but which cannot now be pushed out much farther. The area under irrigation was very small; it too has been somewhat extended in recent years by damming five out of the ten chief *wadis* down to the Jordan. Something has also been done to promote soil conservation by afforestation, and more could be done. But in a country where every tree that grows is a victory over the goat, this is slow work. Such improvements as these can help to keep the desert at bay and improve the lot of the cultivators, but they will offer no large increase in employment or production.

In West Jordan there are similar small-scale possibilities of gradual improvement, by well-building, terracing, and the like, but they too will produce no major expansion. The shortage of land in this part of the country is now very acute; even before the influx of the refugees these districts were densely populated, and in the time of the Mandate it was recognized that there was insufficient land to provide for the growth of population. The shortage of land is intensified because, in addition to the registered refugees receiving relief, there are some 120,000 'economic' or unofficial refugees, i.e. local inhabitants who have lost their farms, or part of them, through the partition frontier, but who are not officially entitled to relief because they have not lost their domicile. Thus neither in East nor West Jordan is there much prospect, under present conditions, for increasing employment in agriculture.

The prospects of industrial development are not much brighter. There are possibilities of a kind. The phosphate deposits on the Dead Sea could be developed, if a firm could be found to invest the capital, and if an extremely expensive road were constructed from Ma'an to Akaba for the export of the product. The Government has recently placed a contract with a German firm for the construction of a cement works. But otherwise the country has almost no industrial raw materials. All that the Jordan State really possesses in the way of agricultural and industrial resources are the waters of the Jordan river.

Thus the economic structure of Jordan was certainly not capable of absorbing any large increase in population; on the contrary, its 'absorptive' capacity was practically nil. With its present population Jordan's economy is not now viable at all. It could not support its people, even on a very low standard of living, without the subsidies it receives in various forms. It cannot hope to balance its trade. At present its imports run at about eleven million Jordan

unds per annum, its exports at about one million, the deficit being vered by the U.N.R.W.A. relief payments and by British loans. It is not surprising, therefore, that the refugees have not been sorbed into employment, nor should it ever have been expected at they could be. Nor is it surprising that the effects of their lux have been on the whole deleterious, and that even such vourable effects as might have been expected to result from the lux of refugee capital have run to waste. The volume of refugees' vings was large, and, in a different kind of economy, might have ven a useful stimulus to production and employment. It is estimated that the refugees brought with them cash and bank deposits the value of £P20 million, and that this amount was greater than e total of cash and bank deposits in Jordan prior to their arrival.[1] ie result of the sudden large increase in purchasing power was a arp rise in prices, and a housing boom in Amman. Before the ugees came, Amman was a town of some 20,000 inhabitants, le more than a village; today it has a population of perhaps 0,000, including 50,000 refugees. Camels and horses have given ice to new cars; the hillsides are covered by solid well-built uses; the neon-lighted shops are crammed with imported goods. stranger to these parts might well believe the capital of Jordan be a boom town in some new mining centre, or a railhead in me new Middle West. But there are no new mines or grainfields; e prosperity is only artificial, built on the savings of the refugees, w exhausted. The increase in employment during the housing boom was only temporary. The increase in spending has not proced any increase in investment, and so has not raised productive pacity or the volume of employment in the long run. The rise in ices and the increase in imports have added to traders' profits, d certainly some people have profited by the arrival of the ugees. But wages have remained low, and the competition of ugee labour presses the wage level down. By contrast with the ugees in Syria and Lebanon, those in Jordan have received l rights of citizenship, and are allowed to take what jobs er. U.N.R.W.A. allows refugees to take casual employment up a certain level of earnings without taking them off the ration l, so that they can work for lower pay.

The majority of the refugees live privately, where they can; out one-third of them live in camps. The big camps in the

[1] Estimate from an unpublished thesis on *The Impact of the Refugees on dan, Syria, and Lebanon*, by Yusif A. Sayigh, Beirut, 1952.

Jordan valley, with as many as 60,000 in the largest, make an impression of well-organized horror. Yet there is nothing in the existing conditions which would be horrifying, if they were only temporary. The ration scales, which are based on a standard intake of 1,500 calories a day, are too low, and it is usual for refugees to sell their flour ration to buy cheaper foods with a higher calory content. There is no starvation, but there is malnutrition, and special arrangements have had to be made to feed under-nourished children. Health conditions are good, to the extent that there have been no epidemics. The impression of horror arises because these conditions are becoming permanent. The tents have given place to mud cubes, each enclosing a single room some ten feet square, squalid and over-crowded. It is generally agreed that where the refugees can earn some income by casual employment their conditions are not bad, and often not worse than that of the local inhabitants. Opportunities of work vary from one camp to another; in Zerka, for instance, where there is a camp of 10,000, the construction of military camps in the district has offered temporary employment to quite large numbers. In other camps, sited for water in the Jordan valley, there are no opportunities for earning at all, and here the condition of the refugees is very wretched indeed.

U.N.R.W.A. has attempted to widen the opportunities for employment by starting a number of projects for the purpose, under the terms of U.N. resolutions passed in the Assemblies of 1949 and 1950. In 1950–1 fairly large numbers were employed on road-building and afforestation, and in various industrial undertakings. Most of these projects have now been given up. They proved too expensive, and none succeeded in becoming self-supporting. According to the Director's Annual Report for 1951–2, 'the Agency found itself financing and operating labour camps to build public works'.[1] In a more advanced and varied economy, spending on public works would have had the effect of generating an expansion of employment in other branches of the economy. But in a country with an economic structure like that of Jordan it could not produce this result, partly because private capital prefers the security of investment in land and house property to investment in productive enterprise, and partly because the opportunities

[1] See *Annual Report*, *op. cit.*, and also *Report of the Director of the U.N. Relief and Works Agency for Palestine Refugees in the Near East*, General Assembly, Official Records, Sixth Session, Supplement no. 16 (A/1905), Paris, 1951.

such investment are very limited. To produce any large increase employment and production, a T.V.A. type of investment is ›ded; and this will necessarily have to be on a scale which vate capital could not undertake. As U.N.R.W.A's Director, · John S. Blandford, a T.V.A. man, puts it, 'the leaves and the ınches will not grow without the trunk'.

The trunk is to be the Yarmuk project, which now symbolizes : Agency's hopes for the refugees in Jordan. The idea of conucting a power station and irrigation system based on the rmuk, a tributary of the Jordan, is not new. Surveys of the ·dan and Yarmuk were undertaken in 1937–8, to see how their ters could be utilized for irrigation. Recently a scheme for the ıgation of the whole Jordan valley, using Lake Tiberias as a ervoir, was prepared by Sir Murdoch Macdonald. This would ve utilized a much greater volume of water than the present ıeme, and have been of much greater benefit to the region, but s now politically impractical, because it would require an agreeınt between Jordan and Israel concerning the use of Lake berias. The present Yarmuk project, a modification of this larger ıeme, has been suggested by a Technical Co-operation Adminiation (Point Four) expert, who has found a site for a reservoir the Yarmuk at Margarin near the Syrian frontier. The project uld involve the construction of a canal from a reservoir at dasiya, where the water would fall 800 feet and operate a power tion; it would then be taken by an irrigation canal down the ·dan valley to the Dead Sea, where it would serve another power tion at the southern end.[1] It is estimated that some 160,000 ·es would be brought under irrigation.

At present a detailed survey of the project is being prepared by int Four experts; it is to cost one and a half million dollars and ɔeing financed by the Jordan Government with funds from the itish loan, by Point Four, and by U.N.R.W.A. It is estimated ıt to finance the project itself would cost some $60 million, most which will probably be provided out of the $200 million which : U.N. resolution authorized U.N.R.W.A. to spend on schemes this kind. The Jordan Government has approved of the scheme. ıe approval of the Syrian Government will also be needed, cause part of the dam site is on Syrian territory and the eleccal power to be provided would also supply Syria. If the scheme es through, it will be operated by a policy committee represent-

[1] *The Times*, [illegible] July 1952.

ing the Jordan Government, Point Four, U.N.R.W.A., and the British Middle East Office; an engineering firm will be engaged to undertake the construction.

How much employment this scheme would provide when in operation cannot of course be estimated with any exactitude. Some estimates have reckoned that it should be possible to employ as many as 20,000 families in agriculture on the newly irrigated land, and much larger numbers in secondary industries and services arising from the needs of agriculture, even up to the point of absorbing all the refugees now living in Jordan. These estimates seem exaggerated, at least so far as the volume of secondary employment is concerned, though the estimate of the numbers to be employed directly in agriculture seems reasonable enough. More recent calculations suggest a total employment of 200,000 people. Until the detailed project is available, no purpose is served by the discussion of such figures. The essential point is that the increase in employment would certainly be very large; there would be an immediate possibility of work for a great many on the construction itself, and the scheme when in operation would afford employment for very large numbers, even if not for all. Irrigation and power would provide for a great increase in productive capacity, and enable a fuller use of the natural resources of a very poor region.

Thus the introduction of the Yarmuk scheme will mean a genuine attack on the employment problem in Jordan and go far towards solving it. It will not provide, of course, a total solution of the refugee problem, even if all the Jordan refugees are absorbed by it. There will still be the refugees in the Gaza strip, who have no hope of employment at all where they are. Until recently it was hoped that it might be possible to settle them in the Sinai peninsula, but the survey authorized by the Egyptian Government and undertaken by U.N.R.W.A. has found no water, so that this hope must be abandoned, and most of the two hundred thousand will eventually have to move to other regions.

There remain also the refugees in Syria and Lebanon. In Syria, the outlook for the settlement of the refugees has until now been most unfavourable, for political reasons, although on the economic side the prospect is far more promising, for Syria, unlike Jordan, has plenty of land and water, and a shortage of labour. Here the new formula, 'improvement of refugee living conditions', has borne fruit in the recently announced agreement between the Syrian

vernment and U.N.R.W.A. for the construction of an irrigation
ieme in northern Syria, to cost $30 million, and to provide
ployment for the 84,000 refugees in Syria. No such agreement
; as yet been reached with Lebanon, where the possibilities of
relopment are more limited, but where there would be scope in
Litani valley for a T.V.A. type of project. Thus while it is
tainly too soon to say that the solution of the refugee problem
a whole is in sight, the outlook is for the first time hopeful. For
s great step forward much of the credit must go to U.N.R.W.A.,
l to its Director's unconventional optimism and unorthodox
ıfidence in the Arab Governments.

D. W.

Titoism' and the Chinese Communist Regime

An American View

ARSHAL TITO's breach with the Cominform has naturally
nulated speculation as to the possible course of events in the
mmunist camp. It is reasonable, since this has happened once,
ask whether it might not happen in China, whose Republican
:ades were characterized by turbulence and violent political
inge.

The logic of history, geography, economics, and politics can be
luced in support of the thesis that the interests of China and
Soviet Union are more opposed than complementary. Histori-
ly, China and Russia have never had a close entente based upon
itual recognition of common interests. During the last century,
ile the one country appeared old, decadent, and weak, the other
s vigorous and expansionist. Geographical propinquity brought
ıflict, not stability and 'good relations', and Tsarist Russia
ıded to expand its sphere of influence at China's expense,
›loiting weaknesses both on the Manchu Empire's sprawling
:iphery and in its capital.

Communist China and the Soviet Union are now allied together.
the past two and a half years a network of Sino-Soviet political

C

and economic relations has been established of a far more elabora
and intimate character than ever before. Nevertheless, areas
natural friction exist along the long joint frontier, and closer c
operation, if profitable in some respects to both countries, h
increased the possibilities of ultimate clashes. Soviet technicia
and 'advisers' make the Soviet Union's influence felt in Peking
decisions on major national problems in the fields of agricultur
industry, and communications. To a still greater degree, Moscow
political strategy is mirrored in Peking's policies on foreign trad
foreign relations, and even peace and war. China has just diveste
herself of the 'tutelage' of a domestic party and had thought
advance into mature nationhood, but she now finds her destin
subject in effect to a large measure of foreign control. Will China
present rulers be prepared to accept indefinitely the friction an
inferiority arising out of this new tutelage? Will not the Chines
people themselves, steeped for centuries in Confucian-Buddhis
Taoist ethics and, as a nation of peasants and small merchant
accustomed to economic individualism, revolt ultimately again
the destruction of their old values and the establishment of rigi
controls over all political, economic, and cultural activity, an
even over family life itself? Is China no longer 'the sea that sal
all?' If, instead, she is to be considered irretrievably in the Mosco
camp, why is this so, and what is the shape of things to come?

In the present century, two great ferments have been workin
powerfully in Asia to bring about social change: nationalism an
the awareness of economic misery. This has been recognized alik
by native and foreign revolutionaries. The early growth in th
East of a great movement of revolt which, uniting into a powerfu
Eastern (Communist) International, would, together with th
Western proletariat, 'strike to the very heart of world capitalism
was forecast at the Baku Congress of the Peoples of the East i
1920. Seeds of the new, modified doctrine of nationalism foun
fertile soil in China, where the privileged position of foreigner
had long been resented. China aspired to real independence an
to economic progress, and attributed her backwardness to 'th
oppression of the unequal treaties'. Dr Sun Yat-sen's Thre
People's Principles, evolved at the time when the Kuomintang wa
being reconstructed under the guidance of Michael Borodin an
other Soviet advisers, emphasized the Principles of Nationalism
and the People's Livelihood. Sun's doctrines were first espoused b
Nationalist leaders, but during the two periods of Nationalist

Communist collaboration (1924–7 and 1937–45) these same Three People's Principles, in a somewhat different interpretation, were claimed by the Chinese Communists as their own. As the Chinese nation grew increasingly aware of these modern interpretations of historical developments, the tendency to blame all ills on the 'outlander' increased and even the most respectable of foreign activities frequently came to be regarded as outright 'imperialism'.

But China's campaign to recover her national sovereignty in legal terms was also the outward manifestation of a deeper ambition to resume a position of international importance which she has never enjoyed since the early days of the Manchu rule, and to wield again a powerful influence in Asia. This was the aim alike of Li Hung-chang at the end of the nineteenth century, and of Sun Yat-sen in the 1920s. It was a driving force for the Nationalists. The urge to increase the nation's stature has been constant. The Communists now, like the Nationalists in the past, term it 'anti-imperialism', and they have given it fresh force and direction. But its intrinsic nature remains unchanged. It is the drive to empire.

The Nationalist Principle of the People's Livelihood proposed to harness the second great driving force, the desire for economic improvement, through a movement of 'anti-feudalism'. The Communists were not opposed to this, for the doctrine was also their own. It was, in fact, commonly agreed amongst the political parties in China that the country must undertake a major economic reconstruction if the State was to be strengthened and the condition of the people improved. It is in the practical application of 'anti-feudalism', rather than in the general principle, that the differences have emerged.

In the days of 'imperialism' the nationals of many countries invested capital in China for the building of railways, power plants, spinning mills, and cigarette factories. Since Chinese material needs were so vast, it was only logical to anticipate that any government of China would continue to permit foreign investment even if under changed rules. Before the Peking regime was formally established on 1 October 1949, its immediate aim was stated to be the increase of industrial production until it supplied 40 instead of 10 per cent of the country's income. The distant observer might have expected that this would involve the maintenance of something like 'normal' relations with the major

countries of potential industrial supply—the United States, th
United Kingdom, and Japan—and that the Chinese Communist
would relax the emphasis on 'anti-imperialism' which had con
sumed so much of China's time and strength in the past. Instea
Peking chose to 'lean to one side' in its political and economi
relations and so wilfully to retard the implementation of its ow
economic programmes.

Reference to stated Communist aims reveals some guidin
principles in this connexion. Communist parties in 'colonial' an
'semi-colonial' countries (by definition, such as India and Chin
were early given special tasks by the Cominform. The mos
important were defined in a 1928 resolution[1] as being to over
throw the rule of foreign imperialism, of the feudal rulers, and c
the landlord bureaucracy; to establish the democratic dictatorshi
of the proletariat and the peasantry on a Soviet basis; complet
national independence and national unification; annulment c
State debts; nationalization of large-scale enterprises (industria
transport, banking, and others) owned by the imperialists; th
confiscation of landlord, church, and monastery lands, and th
nationalization of all the land; introduction of the eight-hou
working day; and the organization of revolutionary workers' an
peasants' armies.

In the three years since they came to power, the Chines
Communists seem to have closely approximated to this Cominter
line, with at least nominal, and generally real, fulfilment of th
several tasks defined in it. True, the eight-hour working day ha
not yet been fully established, but it seems probable that for
variety of reasons this point is no longer considered so urgent a
formerly, when the Communists were 'in a position of greate
freedom and less responsibility'—especially now that the magni
tude of the tasks facing China is realized. In sum, however, th
initial stage of the basic Communist programme has been carrie
out and the system is clamped upon the country. The Chines
Communists can now embark upon the intermediate part of thei
programme. But the question which outside observers will ask i
why they have adopted a policy which ignores the economi
factors governing their country's situation today.

The economic concept set forth officially in 1940 by Mao Tse
tung envisaged a process of gradual advance through a 'Nev
Democracy' in which private entrepreneurs would play an im

[1] *Programme of the Communist International* (Moscow 1932), pp. 43-4.

portant role. Victory enabled the Chinese Communists to remove some of the veils which had softened and distorted the harsher aspects of their designs during the period of the 'united front'. In economics, as in politics, Peking is clearly being guided in this new stage by certain Communist fundamentals. The earlier Communist theory was that 'colonial' and 'semi-colonial' countries on gaining independence would achieve rapid economic progress through the development of relationships with more advanced socialist economies, and thus by-pass the intermediate 'capitalist' stages.

In the 'New China' of today State enterprises are being given a dominant role in the economy, with private enterprise occupying only a subsidiary position, and the 'new Democracy' stage, which might have been comparable to the Soviet NEP, is in the main being discarded even before it has really begun. Moreover, China's economy is, for political reasons, being orientated towards that of the Soviet Union. In this respect the situation recalls the economic shifts which have taken place in Eastern Europe. The 'international centralization' that governs in Communist political fields is exerting, in China, a strong influence on economic developments as well.

The need to come ever closer to the Soviet Union severely circumscribes the prospects of Chinese economic development, for the Soviet Union's capacity for contributing to the industrialization and economic prosperity of its satellites is limited. The pace of industrialization is governed by the country's own resources, its meagre foreign trade, and the five-year credit of U.S. $300 million received from the Soviet Union in 1950. New trade channels have been built up between the U.S.S.R. and China, Manchuria, and Sinkiang. Even under unfavourable conditions some benefits will be derived from both credits and trade, and, given the regime's drive and concentration of forces, China is probably doing better than might have been expected in some economic fields. But in the final analysis integration of her economy with that of the Soviet Union must mean acceptance of the limitations of the Soviet economy. In the Communist view, however, economics must be the servant of politics. The Chinese Communists, in choosing the present road with its economic hardships, presumably expect to find compensating political benefits; they are, moreover, influenced by certain strong international considerations.

China's position today has to be seen in the perspective of the

wider Far Eastern setting. Two world wars have crippled Germa and Japan, and have greatly reduced the strength of the Unit Kingdom and France and their influence in the Far East, while the post-war era the United States has been cut off from the 'N China'. It has thus proved possible to restore China to an iso tion essentially as effective as that maintained by the Manchus the beginning of the nineteenth century, with the exception that this modern version there is an Open Door for the Soviet Uni and its satellites.

A renunciation by the Chinese Communists of the 'an imperialist' drive on which in part they rode to power would ha been in conflict with Moscow's current policy line. The Chin Communist party has never been an apostate, and Mao T tung confirmed its orthodoxy as regards 'anti-imperialism' by l sponsorship of the joint manifesto issued in April 1949 fr Peking against the Atlantic Pact; by his enunciation on 30 Ju 1949 of the doctrine of 'leaning to one side'; and finally a definitively by the Sino-Soviet treaty of alliance of 14 Februa 1950. As a consequence of this treaty China was bound tightly Moscow for joint ventures in Far Eastern politics. It is reasonal to deduce that one of the first fruits of this Communist axis b tween Europe and Asia was the North Korean aggression of t following June. At that time the Chinese Communist forces we apparently being deployed for an assault on Formosa. With t intervention of the United States 7th Fleet in the Strait of Formc and the development of United Nations resistance in Kor Communist China shifted its weight and intervened in t Korean fighting. This move has entailed some serious disa vantages for China. The drain on manpower she is able to me but she must now depend to a great extent on the Soviet Uni for supplies of war material. On the other hand, she now cour as a major participant in the operations of international Co munism in Asia, her greatly expanded army is equipped wi modern weapons, and the nationalist pride of the Chinese has be stimulated. The net balance of profit or loss to the Peking regi is not to be determined by reference to the present Korean accou alone.

A Communist victory in Korea would mean an advance towa Japan—a major Communist objective. China would share in t political gain, even though, given Russia's traditional inter in Korea, she might be unable to profit territorially in Korea itse

There remains elsewhere vast room for even more advantageous political manoeuvre by Chinese Communism. Logically speaking, international Communism must plan increased action to further revolution in the Philippines, South-East Asia, and Indonesia, in all of which areas important Chinese minorities are found. Viet-nam, Thailand, and Burma in particular present ripe opportunities for expanding China's sphere of influence. The Soviet Union could be expected to support China's political expansion southward, for this would be done in the name of the Communist revolution

It is against this general background that the possibilities of Titoism in China must be considered. Such a development might come about in two ways. Either a sudden break might occur between the Chinese Communist Party and Moscow, resulting from the Chinese leadership's resentment of Soviet exploitation of China and of increasing pressure, exercised through the various media of 'international centralization', towards complete domination of the Central People's Government at Peking; or a broader, slower split might occur as a result of the independent evolution of China as a nation along ways divergent from those of 'the Communist Fatherland'. The first type of Titoism would be of the Yugoslav pattern; the second would be Chinese.

The Chinese Communist Party, in view of the various political prospects, is hardly likely to consider such items as the high cost of Soviet advisers, losses suffered through a Soviet near-monopoly of China's foreign trade, or the rasping of Chinese pride by Soviet directives, as major factors in determining Peking's long-term policies. In relation to overall Communist doctrine, the irritations and day-to-day difficulties of the new axis relationship would be regarded as no more than temporary and minor inconveniences. Even delay in the realization of the ancient Chinese dream of industrialization would not alone suffice to alienate Peking from Moscow. And, as regards Moscow's domination of Peking's foreign policy, the Chinese Communist leaders have presumably given their assent in exchange for promises of future benefits. It is not to be assumed that grave differences of opinion on these questions would exist within the Peking Politburo. The present Chinese Communist leaders are hard men, tempered in the fire of thirty years of civil struggle. The Chinese Communist Party itself, though it had to exercise a large measure of independence in the 1930s in order to survive, and on occasion had its knuckles

rapped by Moscow, was nevertheless, from its admission in 1923 always a party in good standing in the Comintern. Party chairme have come and gone, squabbles as to tactics have arisen, but ther have been few cases of internecine disagreement among senio Chinese Communist Party men as to major strategic aims. Thei union proved unusually durable under long adversity and it i unlikely that their ranks will be split by the stresses they feel nov when the greatest of their victories has been won and more prize are visible ahead. Clever and ambitious men must be assured i their own minds that they have an alternative before they leav the old group at a tangent, and none is now in sight. Obviousl they would not join the camp of Chiang Kai-shek in preferenc to their present lot. Simple apostasy, and surrender to the *ancie* *régime* for a return of the *status quo ante*, is not to be considere within the realm of practical possibility.

It may be argued that China, acting alone in Asia, could acquir for herself all that she might obtain in partnership with the Sovie Union, and more. This contention could not logically be supported however, for China alone cannot force the political position of an of the Western Powers, or of India, and she knows it well. Th wheels of China's factories cannot turn, and the Chinese armie cannot roll, without the aid of the Soviet Union. In theory, Chin could turn to the Western Powers, but under present condition such a step could bring only limitations and restrictions instead o new openings for a growth of Chinese power. It would moreove be perilous for a Chinese Communist group even to plan such change-over, given the presence of numerous Soviet advisers i key positions within the country. And even if a political volte-fac was successfully carried out it would almost certainly bring in it train grave troubles for China on the loosely-attached peripher stretching from Manchuria through Inner Mongolia and Sinkian into Tibet. It must not be forgotten that there have in the recen past been movements in favour of 'local autonomy' in Sinkiang Manchuria, and Inner Mongolia. A 'spontaneous movement fo autonomy' could well appear again in any one of those areas. N Chinese regime could hope to survive major losses of the nation' territory.

The stakes at play in Asia are tremendous, and the Chines Communists, not content with what they have, are playing to wi even more. Their leadership must be presumed to be closely kni in support of the present policy with its promise of empire and ca

be expected to take all measures to ensure that no domestic force shall threaten their control. It is a reasonable assumption that they will receive support in their orthodox domestic policies from the Soviet Union, which must have studied closely the lessons of both the 1927 debacle and the 1948 Yugoslav heresy and will probably proceed with circumspection, even showing readiness to make concessions to Peking's amour-propre. Moscow can be expected to recognize, at this stage of the global struggle, that Mao Tse-tung and his comrades wield much authority by their own right. The Chinese leadership, possessed of both long experience and an obedient army, is strongly entrenched, and the one thing that could cause 'Titoism' in China today would be a Soviet effort to purge, or otherwise take over, the existing leadership of the Chinese Communist Party. That leadership will sacrifice many things, but it would not be in their nature to renounce power without a struggle. The Moscow strategists, despite the leverage they could exercise against the periphery of China, would hardly choose to jeopardize global gains for purely local profits. China needs the Soviet Union, but the Soviet Union at this juncture of world affairs also needs China. Thus it seems unlikely that the split in the Nationalist-Communist partnership in China in 1927 will repeat itself in the modified form of a split between a nationalist Chinese Communist Party and international Communism. Given the present balance of power in the Far East, Chinese Titoism in the form of a sudden break between Peking and Moscow must be judged an improbability.

That is the short-term aspect. There remains the longer view. The Moscow-Peking Axis serves well enough for the achievement of common objectives in the immediate revolutionary situation in Asia. It may however be questioned whether the Chinese Communists contemplate remaining indefinitely in a subordinate position to the Communist party of the Soviet Union. Such a condition would mean the acceptance, by a people proud of their nationhood and glorying in their 'independence', of a permanent auxiliary relationship to the 'Communist Fatherland', with a consequent limitation of Chinese authority to secondary rank in world Communist councils and a denigration of Chinese values in the world in general and in the Far East in particular. In practical terms, it would mean that a China with an exploding population would have to renounce the possibility of flowing over its present frontiers into the one large area on mainland Asia still capable of

absorbing fresh settlers—Siberia. (The alternative that the Sovie Union might, out of consideration for China's population prob lems, voluntarily accept for settlement masses of a people far mor prolific than the Mongols who ruled Russia of old seems to sa the least improbable.) If China is not scheduled to be kep permanently in a new Communist-style 'semi-colonial' status, t work as the hewer of wood and drawer of water for the Sovie Union in Asia, then she can legitimately aspire to be the Sovie Union's equal, or, at least in Asia, even its superior.

The Sixth Comintern Congress in 1928 broadly developed th thesis that a final, bitter struggle between the forces of Com munism and 'capitalism' is inevitable. That concept, born lon before 1928, is still valid in Communist theory, and present-da Communists will not be wheedled into taking a course in worl politics dictated and guarded by law and reason alone. Tha China now appears willing to battle on the side of the Sovie Union is however no firm guarantee of her eternal servitude t Moscow. The Soviet strategists are imperialists, but so are th Chinese Communists, though the interests of the two groups no coincide or run along parallel lines. The two Powers have com bined their forces for the present, in order to converge on th positions of other States in Asia. But the natural basic tendency i for China and the Soviet Union to strain against each other al along their common frontier in conflict of interests. On the whol tremendous continent there remains only one Occidental imperial ist to threaten what China regards as its legitimate frontiers—th Soviet Union, whose heart is in Moscow even if it claims som Oriental blood in its veins from the Mongols, Kazakhs, and Tuv ans. And the only possible source from which a political machin ation to keep China in a position of servitude to another Stat would come would be from the Occidental chiefs of internationa Communism, seated in Moscow.

The Chinese Communist leaders, whether or not they are awar of those ultimate issues, will perforce follow international de velopments closely, and will chart China's course with a du regard for power factors as seen through Oriental eyes. Th Chinese Communist Party can be expected to continue in it apparent bland acceptance of a predestined future, a junior partne in the global enterprises of Communism. But as time goes on th Chinese may well press for more and more authority within th axis. They may even anticipate eventually assuming the dominan

role in Asia. The Chinese Communist Army is now being strengthened for use in the service of world revolution, but at a later stage it would give China considerable bargaining power with the Soviet Union. A new, major conflagration affecting the Far East, or other developments bringing about shifts of power in Europe, could quite conceivably change the balance of power between the U.S.S.R. and China—to the latter's advantage. China can afford to be patient, for she is continuing to amass substantial gains during the present period; and the political trends seem to promise that she will win still more.

China's best bet, given existing political circumstances, must seem to its present rulers to be to play both ends against the middle. The Moscow end of the Communist axis has a large measure of assurance that in the measurable future no 'Titoism' of the Yugoslav type is likely to arise in China (assuming always that the Soviet strategists have enough perspicacity to avoid forcing the power issue with Peking). One of the strongest guarantees of this is the elimination of American influence from China, for India's weight cannot count as the equivalent in the scales of power politics. In the light of history, however, the Soviet Union can hardly be certain that China will not eventually desire its independence in the fullest degree, and moreover be in a position effectively to demand it. Thus the Soviet Union must still prepare for an ultimate reckoning with China in Asia. The driving force of nationalism, if diverted for the time being into new 'anti-imperialist' channels, is growing ever stronger, and may well be turned later in yet another direction. The Soviet strategists cannot anticipate that they will be able to play exclusively and for ever the role of the Communist greater gods, leaving the lesser roles to other nationalities. And in the Orient, as in the Occident, it is in any event customary for the various peoples to have gods recognizably within the same racial pattern:

> 'Snub-nosed are the Immortals, and black,' the Ethiops say;
> But 'No,' the Thracians answer, 'red-haired, with eyes of gray.'

Whether Communist China will long worship alien gods is open to question. She is even now improving her relative position in the Moscow-Peking Axis, and a variety of circumstances might well result in her becoming more nearly equal in strength to the Soviet Union than at present, particularly in Asia. At such time as that might occur, the Chinese Communist leadership would probably

conclude that the new major objective factors not only permit but required, China to take ways divergent from those charted her by Moscow, and an Asiatic Titoism would have come being.

O. E. (

The New Land Decrees in Persia

ANY substantial measure of land reform in Persia is boun modify the relationship between landlord and peasant since predominant form of land-holding is the large landed estate, wl is usually worked on a crop-sharing system. On 6 and 11 Oct Bills affecting this relationship were issued by Dr Mouss under the Full Powers Act of 11 August 1952.

The first of these Bills provides for an increase in the shar the harvest going to the peasant and for the establishment of var funds and councils for agricultural development and co-operat This is not the first attempt of its kind. In 1947 a Bill was pa raising the peasant's share by 15 per cent. That its provisions v virtually ignored bears witness to the difficulty of enforcing l in matters largely regulated by custom. Moussadek's Act decre by 20 per cent the landlord's share of the income from an agri tural estate (whether derived from a payment based on the cultivated or reckoned in some other way), as well as from gra dues, rents, mills, shops, etc. Of this decrease, 10 per cent is t to the peasants who cultivate the crop and 10 per cent to vari development and co-operative funds to be set up. A Note Article 1 of the Bill states that where the landlord receives reve in cash (i.e., where the land is let for a payment based on the cultivated), or rents from pastures, shops, ice-pits, caravanse or mills, or income derived from woodland, the whole 20 per will be handed over to the development and co-operative fun the (local) township. This exemption from the general provisi of Article 1 in the case of land whose rent is calculated on basis of the area held reduces the advantages of this Articl many areas. Possibly the drafters had in mind conditions in Tehran neighbourhood; there much valuable land, growing mai summer crops, vegetables, and fruit, is let on this type of contr

and for many years the landlords have maintained that the rents are low and do not reflect recent rises in land values. Where a lessee is interposed between the landowner and the peasant he is to deduct the 20 per cent from the rent (Art. 2).

The proportion of the crop involved will not be uniform throughout the country. The widely held assumption that the harvest is divided into five equal shares, one share each going to whoever provides land, water, seed, draught animals, or labour, is a fiction. These elements are all taken into account in the division of the crop, but the fractions into which it is divided are not always, or even usually, fifths. If the peasant provides the draught animals and seed he gets, according to the district he lives in, on irrigated grain crops two-thirds, three-quarters, half, four-fifths, three-tenths, seven-ninths, thirteen-fifteenths, nine-tenths, or five-sixths; if he provides only the draught oxen he gets one-third, two-fifths, one-fourth, one-fifth, or half; if he provides only the labour he gets one-fifth or one-quarter. On unirrigated crops the peasant normally provides the seed and the draught oxen and gets four-fifths, nine-tenths, two-thirds, five-sixths, seven-tenths, or half. On summer crops he gets half, two-thirds, three-fifths, one-third, five-sevenths, one-quarter, or one-fifth. The increase going to the peasant under the new Act will thus vary from 1 to 8 per cent.

In peasant proprietor areas, which are few in number, the peasants are to pay 2 per cent of their total income in cash and kind on unirrigated crops, and 4 per cent on irrigated crops, into the local development and co-operative fund (Art. 3).

The arrangements for the collection and disposal of these levies are somewhat vague. Produce levied in kind is to be held in granaries and sold as occasion arises with the approval of the village council (Arts. 4, 6). Sums due in cash (i.e. deriving from summer crops, and non-agricultural income) are to be paid into the nearest Agricultural Bank (or National Bank in the absence of the Agricultural Bank), and where no bank exists they are to be handed over to a trustworthy person (Art. 5). If the landlord refuses to pay the share due to the peasant the head of the sub-area must, on receipt of a complaint from the peasant, collect the share due and hand it over to him (Art. 32). No procedure for recovery is laid down, and apparently recourse to a court is not intended. But if the landowner defaults on the amount due to the development fund court procedings are to be instituted and priority is to be given to the case (Art. 32). Failure to transfer the sum due to the fund

is punishable with a fine of double the amount due, and, if repea ed, with up to two months' imprisonment (Art. 33).

Seventy per cent of the funds accruing to the development fun is to be devoted to development, co-operative, and communi enterprises in the local township, 15 per cent is to be paid int the rural district fund, and 15 per cent into the sub-area fund (Ar 7). The last-named is to pay 15 per cent of its income to the are fund (Art. 12). In practice the effect of this division of funds ma be that in those few villages where the landlord puts back mone into the land there will in fact be less, and not more, money fo local development, since part of what was available will now b taken for some 'paper' project at a higher level.

The functions of these various councils to some extent overla The village council is concerned with the provision of drinkin water, the building and repair of mosques, baths, laundries, mor tuaries, bridges, cheap housing, primary schools, electric powe installations, roads, storehouses for the produce accruing to th development fund, pest prevention, public health, the care o orphans, the sick, disabled, and aged, the provision of loans draught animals, and seed to needy peasants, and the encourage ment of local industries (Art. 8). The rural district council i charged with the building of agricultural primary schools, clinics dispensaries, roads, the provision of loans to the local township for their development projects, and the provision of midwives an travelling assistant-doctors (Art. 9). The sub-area council i charged with the building of hospitals, agricultural and technica schools, central dispensaries, large bridges, the setting up of co operative and agricultural companies and of rural funds, the ap pointment of travelling doctors, and the provision of loans t rural district councils for their development projects (Art. 10) The text does not define 'rural funds'. Further, no mention is mad of the relationship of these various councils to the co-operative which have been set up by the Agricultural Bank in various part of the country.

Clearly considerable sums of money will be required to financ these projects. Some provision is made for this. The Agricultura Bank may give loans not exceeding five times the (annual) ordinar income of the fund, provided the agreement of the council of th next degree, which will be surety for the loan, is obtained (Art. 14) Financial and technical help is to be provided by the Seven-Yea Plan (Art. 15). But the Agricultural Bank is unable adequately t

finance its own co-operatives, and it seems doubtful whether the Plan will in fact have funds available.

Article 11 apparently envisages much of the work being done for nothing. It states that 'the peasant and other inhabitants of each township must, in proportion to the benefits they receive, provide without payment help as to the provision of labour, fuel, and the transport of building materials, etc., as the village council may decide'. There is a danger that labour service will be exacted under this article in the more remote districts: whether it is exacted by the landlord or for such purposes as the construction of roads (albeit for the benefit of the village), its effect on the peasants will be much the same. In Sistan and Baluchistan corvées are levied by the Government for public works. Some of the work done by these corvées is essential to the prosperity of the area, but the effect of the practice on social conditions is disastrous.

The village council is to be composed of a representative of the landlord, the village headman (who is, in effect, the landlord's servant in the landlord village), and three other persons of local repute chosen by the peasants (Art. 16). In existing conditions it is doubtful whether these persons can do other than follow the wishes of the landlord and the village headman upon whom their livelihood depends. The rural district council is to be formed by representatives of the village councils (Art. 22). The sub-area council is to consist of the head of the sub-area, the heads of the local offices of agriculture and health and of the sub-area court, the local representative of the Agricultural Bank, and two representatives of each rural district council, unless more than five rural districts are involved, in which case each rural district shall send one representative only (Art. 23). The area council is also heavily weighted with officials; it is to consist of the governor, the heads of the offices of agriculture, health, and justice (or the head of the area court), the head of the Agricultural Bank, and two representatives of the landlords and peasants of each sub-area chosen by the sub-area council for development and co-operation (Art. 24). The duties of this council are 'to carry out the development, co-operative, and community activities mentioned in the Bill and to expend the funds [allocated to it]', to exercise financial supervision over the other councils, to examine requests from them for technical and financial help, and to issue progress reports (Art. 25).

The second Act abolishes the levy by the landlord of dues in the form of sheep, goats, lambs, rice, clarified butter, or fuel, and

the levy of a poll-tax (Art. 1). Article 2 forbids the landlord
force the cultivators to work on his private affairs or to use
peasants' agricultural implements or possessions except with
consent of the peasant or in return for the payment of a just p
and wage'. The intention of this article is presumably to abo
labour service, but the introduction of the word 'consent' in
largely nullifies the provisions of the article, because in most a
where labour service still exists it is usually stipulated in the cr
sharing contract (which is freely negotiated and therefore imp
consent) that the peasant shall perform so many days' lab
service per annum. Moreover, if the alternative to a terminat
of the contract is the performance of labour service, clearly
peasant will in most cases be forced to consent. A Note to Art
2 states that in those villages where the transport of the landlo
share of the harvest from the threshing floor to the granary i
charge on the peasant this is to continue. This practice is wi
spread in many parts of the country. Complaints of alleged c
travention of this law are to receive priority in the appropr
courts (Art. 4).

It is not clear whether it is intended that the provisions of
law should also cover tribal country, where it is in many c
customary for the tribal leaders to levy dues on their followers

The abolition of the levy of dues and labour service by the la
lords is unquestionably desirable, but it seems that the draf
of the Bills have not considered the relationship between cr
sharing and the levy of dues. There is a connection in that wh
the levy on the crop is lower the amount taken in dues is in m
cases higher, and vice versa. Further, in some areas the levy
clarified butter probably represents an original pasture due, wh
according to the first Act is a recognized part of the landlo
income. Thus, although both Acts are presumably designed
increase the income of the peasant, there are certain anomalies

Whether Moussadek intends to take effective steps to carry
land reform remains to be seen. It may be that these badly draf
Acts are part of a genuine attempt to bring about some measur
amelioration in the existing situation; they may also be an atter
to bolster up the crop-sharing system (which the landlords
loath to change) by minor concessions; or the main purpose of
Acts may be to impress world opinion with reforms which at f
glance appear substantial, but which on examination are seen
be either negligible or impractical.

A. K. S. L

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